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FINANCIAL TIMES

Thwaites make dumpers do more

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Leamington Spa, England. Tel: 0926-22471

News Summary

GENERAL

Ulster security net for Wilson

Mobil has £13m. plan for Coryton

MOBIL OIL plans a £13.5m. expansion at its refinery at Coryton, Essex, to raise capacity from 140,000 barrels a day to 180,000. Among other improvements, crude oil storage is to be increased by two 650,000-barrel tanks. Other oil groups also responding to expectation of higher demand include Esso and Amoco, at Milford Haven; Shell at Shell Haven and Stanlow; and BP which is studying plans for Grangemouth. Overall U.K. refinery capacity, now 2.25m. barrels a day, is likely to reach 2.7m. by 1973 and 3m. by 1975.

Back Page

Stringent security measures are being taken for Mr. Wilson's visit in expectation of Protestant demonstrations. He will meet Premier Faulkner as well as representatives of the Catholic community.

Meanwhile, it is expected that a Compton report will clear Ulster security forces of general charges of brutality against detainees, though it may arouse some disquiet over the treatment of some individuals. **Back Page**

Indian restraint in border crisis

Pakistani jet fighters were alleged to have made another incursion into Indian air space yesterday as both Governments attempted to accuse each other of military provocation. In New Delhi, however, Mrs. Gandhi, reporting to the Cabinet on her return tour, indicated she would use restraint in dealing with the crisis. **Page 7**

hip attack

Unity of two small ships which attacked the British cargo vessel, City of St Albans, off St. Paul's, continued yesterday. Both were blacked out when they attacked, reportedly leaving the City of St Albans 49 miles with tracer and shells.

World Cup win for U.S. pair

U.S. won the "World Cup" competition, Jack Nicklaus (69, 63, 71) and Lee Trevino (69, 71, 69) beating South Africa's Gary Player and Harold Naidoo by 12 strokes. England's Tony Jacklin and Peter Oosterhof finished joint sixth. **Back Page 3**

dy Fleming here

Fleming, widow of the discoverer of penicillin, was flown to London yesterday after being freed from Greece, where she had been sentenced to 16 months for allegedly plotting to help political prisoner escape. Her sentence was suspended for eight months because of her poor health. The Greek Government night said she had been denied of her Greek citizenship.

ree escape from Dartmoor

A set up roadblocks around moor after three prisoners over the prison wall in the first escape for over two years. The men involved were given sentences of between ten and 15 years.

near, yet . . .

Mr. G. which has become first man-made satellite to another planet, took photos of Mars from a distance of 880 miles, but they continue to be heavily obscured.

remembering

Queen led the nation's tribute to the dead of two wars in the traditional Remembrance Day service at the Cenotaph in Whitehall. After hundreds paid their respects.

Euston show

Mr. Leslie Hockfield asked Commons question last week at British Railways should be re-told, passengers they are being watched cameras high in the roof of Euston station. They are for crowd control.

fly . . .

round of the SALT opens in Vienna today. **Page 4**

Snowdon was "satisfied" in a London hospital after operation—the second this for what was described as "aliment". No details given.

Premier Castro hinted at a military aid for Chile speech at Santiago. **Page 7**

um Bond 25Z 020802 won £5,000. The winner is Wigtownshire.

people died, three were when their car hit a lamp post in Glasgow.

one engineers were working full services on the Mansion House (626) ge after a fire damaged tent there.

arts were detained in a drugs raid on a flat in a client, supplier of stored bonded adhesives. **Page 28**

Engineering pay contest

ENGINEERING EMPLOYERS answering unions' claim for an extra £700m.—including an across-the-board rise, higher minimum rates, equal pay, a shorter week and longer holidays—are likely to tomorrow offer only a small rise in the minimum. The employers will make no across-the-board offer, it is thought, and will firmly defend the 48-hour week. The national talks may break down, in which case claims of individual employers could follow. **Back Page**

WEST GERMAN METAL workers' union chiefs, meeting today, seem likely to decide to call a strike in the Stuttgart area in a strike ballot. But yesterday an employers' spokesman spoke of renewed negotiations on a 7 per cent rise for 12 months. **Back Page**

MARLING INDUSTRIES first half profit has risen to £145,000, helped by the consolidation policy. Interim is again 5 per cent. Marling has agreed terms to acquire Euro-

pean companies and a market worth many millions of pounds annually for British catalysts. Even a small European car would need about 45 pounds, and the bigger and cooler U.S. engines appreciably more.

The discovery, if verified by durability trials in vehicles over the next few months, could open up a new market worth many millions of pounds annually for British catalysts.

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Crucial Rhodesian talks open to-day

BY BRIDGET BLOOM AND TONY HAWKINS, Salisbury, Nov. 14.

THE decisive and possibly final round of Anglo-Rhodesian settlement talks starts here to-morrow when Sir Alec Douglas-House is scheduled to hold a private meeting with Mr. Ian Smith soon after his arrival.

At this meeting, the programme will be finalised for the ensuing days, which will involve Sir Alec and his team in talks not only with Rhodesian Government leaders but also with "representative Rhodesian opinion," including African.

There is considerable optimism here, although with so many past failures there are few people who, at this stage at least, will take an outright bet on a successful outcome. Part of the trouble is that so few details are yet known of what has so far been agreed at the painstaking slow exploratory talks.

Theories

One theory is that the cautious and pessimistic noises which have emanated from both Sir Alec and Mr. Smith in the past week or two cover up an already very wide area of mutual agreement. Both men, those who support this view argue, must appear pessimistic to avoid a "selling out," even though a fact

settlement is virtually a fact

negotiations on this issue. The first is the constitutional machinery for achieving majority rule, and the second is the time scale.

It has been reported (and never denied) that Lord Goodman's talk included the possibility of a two-stage deal whereby Africans in Parliament would

progress towards parity with Europeans after which, in an obscurely defined way, they would advance to a majority position. This begs all sorts of practical questions, not least the extreme difficulty of defining at least a decade in advance the machinery for the achievement of the second stage.

What seems more logical is a

reversion to a Tiger/Fearless

formula with entrenched blocs of

black and white seats in Parlia-

ment and a middle area of com-

mon roll with a fairly stiff

education/income franchise

already.

But there is also a consider- able body of opinion which, drawing on past experience, sees the two sides as ultimately irreconcilable.

The next few days will show

which of these two opposed

views is right—although it seems

clear that both the British team

and the Rhodesians will do their

best to keep the actual content

of the discussions secret.

The points at issue are only

too clear, although it is widely

accepted that scope for compro-

mise does exist. The main ques-

tion is still whether that com-

promise can be kept to the satis-

faction of Sir Alec within the

five principles.

It seems probable that Mr. Smith—for all his bluster about not compromis-

ing on his principles—has al-

ready conceded the first British

principle of progress towards

majority rule. But one crucial

point in any settlement must be

how and when that majority rule

is to be established.

The real gap is likely to be

about the time scale. The

Rhodesian idea of African ad-

vance as enshrined in the 1969

constitution envisages eventual

parity between the 275,000

"Europeans" (whites, coloured

and Asians) and the 5.2m. blacks

and coloured in the new consti-

tution.

In other words, even if the two

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Letters to the Editor

BRACKEN HOUSE, CANNON STREET, LONDON, EC4

N. Ireland

Sir.—I write with respect to South, many times, I have never seen so much talk about the "reunification" of Ireland on the same subject. That is what happened in November 3. It was based, it fulfils one's judgments. It seems to me, on the same fallacy. That discontent exists in Ulster, and is caused by discrimination. Discontent is not really in dispute. Discontent exists within most communities, but how much of that in Ulster is destined to be reunited? The fact of the matter, however, is that Ireland is two nations, different socially, culturally, territorially, psychologically and politically. (Before the Anglo-Irish Free Trade Agreement of 1921, we could also have said "economically".)

The problem is that the Catholic nationalists have always claimed to rule the Protestant nation. The minority has no right to opt out, is the cry.

To compare Ulster with Kenya, Cyprus and Palestine is sheer muddled thinking and, without going into the merits or demerits of their respective cases, it is a matter of historical fact that in these countries the British Army, although acting in support of law and order, was nevertheless opposed by a majority of the native population. By contrast, the Protestants opposed them as well (the Ulster Mutiny, the UVF) and succeeded in changing British policy by the threat of force.

If British policy were to revert to "United Irelandism" there would be the same opposition.

This time, perhaps the guns might be used.

A lasting solution must be based not on a compromise with the undemocratic claims of the Catholic nationalists, but on a change of attitude in Dublin. In short, the South must recognise the North.

This would constitute a radical shake-up of Catholic politics, which is largely based on degrees of nationalism. Faint as the hope is, it is the only solution.

D. R. Stead.
138, Lordship Road, N.16.

Deliberate fomentation

Sir.—With complete disregard for relevance, the cry "South Africa" goes up immediately one ventures to criticise the antagonists' however violent of an established order. Perhaps Mr. T. C. O'Herrity (Nov. 10) has not heard that the Government of South Africa represents a white minority which is the exact opposite of the situation in Ulster. Of course, one does not have to live in a country to be able to comment and, although I have visited Ireland, North and

Vision for the future

Sir.—If T. C. O'Herrity knows of authentic cases of discrimination against Catholics in N. Ireland since the passing of recent legislation, he should let your readers, and particularly Mr. Faulkner, have the facts. These cases could then be dealt with under the Acts in a democratic manner.

The British Army is at present

engaged in suppressing terrorism, and anyone threatening to use a weapon irrespective of religion, age or sex liable to be shot. Government is likewise fears.

I know we can argue the rights and wrongs of this long until the cows come home, but basically the main argument against the rights of the individual not to have his most private and intimate concerns made public.

As Hartford is a particular example of what might happen when the system goes wrong, the very livelihood of a man can be taken away from him. This I feel is going far and away beyond any reasonable requirements of an employer.

In this computer age we suffer too much from nosy-parkering, from far too many quarters. I feel that industry should be prepared to take the risk. There are other values in life besides money.

A. R. Paskie,
Chairman, Regal Packaging,
Kentford, Newmarket.

Steel prices

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Steel price increase

Sir.—Your report (November 10, page one) that the British Steel Corporation will seek a 5.10 per cent. price increase next April refers to last April's increase which the Government reduced to 7 per cent. in place of the 14 per cent. which the BSC had sought.

The substantial part of the private sector in the steel industry which is concerned with the production of alloy and special steels suffered grievously last April from the way in which the BSC saw fit to apply to its various products the general 7 per cent. award.

In more common and carbon steels the BSC enjoys a near monopoly position whereas in stainless, alloy and more specialised steels its production is less preponderant. To these two main categories the Corporation last April applied substantially different increases, awarding to itself 10.11 per cent. on the more common steels and approximately 31 per cent. to a major employer of labour, any reductions will create further unemployment thus causing higher taxes from which to pay the benefits. These latter may well offset the lower prices paid by the individual.

First, mechanisation should be enabled human beings to be more enjoyable and not merely a gimmick to enable profit to be created; and second, that as a major employer of labour, any reductions will create further unemployment thus causing higher taxes from which to pay the benefits. These latter may well offset the lower prices paid by the individual.

Workers in contact with the public achieve more job satisfaction than those who operate machinery because they are required to use their brains and because they develop pleasant

It will be appreciated that whatever the legal position, it is essential for private sector steelmakers to accept the price leadership of the Corporation in the home market for the general run of products. The effect of decisions on pricing made by the

British Army is at present

BSC in its vastly powerful and in some products, near monopoly position is therefore of the most vital consequence to the independent makers. The Corporation's ability to manipulate prices to its own advantage may well be represented as no more than sensible commercial prudence. Nevertheless the sheer power to affect the fortunes of the rest of the industry by such manipulation is a matter for grave concern.

It is to be hoped that the Government appreciates the full implications of the possession of this particular power and that it is alive to some of the consequences if it is in any degree abused.

The private sector awaits with unconcerned interest the lead which will be given by the Corporation whenever the next increases are applied and my own company looks to those concerned with the application of any increases for fair and honourable treatment.

Tom Kilpatrick,
Chairman and Chief Executive,
Brown Bayley Steels,
Leeds Road, Sheffield.

Pay scales

social contacts with the customers. This is why they are normally prepared to accept lower pay than those who demand high rates to offset the boredom created by working on soul-less repetitive work.

The time may well have arrived when society should look to a socialist environment which is free and happy and rewarding rather than soulless, restricted, and even very profitable in pure accountancy terms.

The reason why God is largely ignored by so many people today is that we have the wrong God—money is a pretty useless God! Personal freedom, peace of mind and happiness of the individual would be a better one.

If we are to plan for mechanisation, restrictions and high profits we must also plan for permanent high unemployment or very short working weeks.

These will demand that the public be "educated" so that they can enjoy their freedom without frustration (not merely technically trained) and the result may be that the educated enjoy life on National Assistance while the technically trained but uneducated populace do the work within the rat-race of commerce. This, rather than excuses for higher prices, is the real question for the electorate to settle.

Bruce Gillett,
Garrick Lodge, Littleton,
Polegate, Sussex.

Direct tax on spending

Sir.—Your correspondent, Mr. S. W. Penwill (November 3) writing about the simplification of tax, makes certain suggestions about this, but seems to reject the idea of a tax on spending as this would bear heavily on the poor.

This would be so if the tax were levied indirectly, as is purchased tax; but need this be so? Why should there not be a direct tax on spending, as there is now a tax on income?

Ignoring any assets, for the moment, the tax could be levied on the difference between income received during the course of a year and the amount remaining, to settle.

Assets held at the beginning of and throughout the year would not have any effect on the tax. Assets received during the year and held to the end would also have no effect. Money received for assets disposed of during a particular year would be treated as income. If new assets were acquired, the amount paid for these would be set against the money acquired for assets sold.

The effect of all this would be a week on fares and, apart from initial capital outlay, my overheads in three months have been £30 (one inner tube).

It is despite the pollution factor, however, that invisible fumes are only one form of road transport which is completely guiltless of the pollution charge.

I have been riding a bicycle in Central London for the last three months, and would commend its use for the following reasons:

1—in a five-mile radius of Piccadilly Circus, it is quicker than any other form of transport. The exhilaration of bicycling past a mile of stationary cars at 5.00 p.m. is considerable.

2—it is the only way I can be certain to get from A to B in a certain time.

3—I save approximately £1 a week on fares and, apart from initial capital outlay, my overheads in three months have been £30 (one inner tube).

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The fact that it was a tax on spending would encourage thrift through this, to-day, seems to be a dirty word in some quarters.

Indirect taxation need only be varied, as in income tax. Exceptional spending would result in an exceptionally high rate of tax. An exceptionally low rate of spending would result in an exceptionally low rate of tax or total exemption.

The fact that it was a tax on spending would encourage thrift through this, to-day, seems to be a dirty word in some quarters.

Other taxes, such as capital gains tax, could be dispensed with. They would then perhaps be more willing to campaign for healthier, and the answer to the desk-bound executive who cannot afford the time to take any exercise.

If only more people would overcome their natural inertia and try it once, they would be amazed at the advantages a bicycle has over all other forms of transport in Central London. They would then perhaps be more willing to campaign for healthier, and the answer to the desk-bound executive who cannot afford the time to take any exercise.

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Fall in U.K. use of copper, lead and zinc

FINANCIAL TIMES REPORTER

U.K. CONSUMPTION of copper, a rise in scrap copper of 3.1 per cent. to 88,613 tons, refined copper slipped back 7.6 per cent. to 374,897 tons.

Production of refined copper was 17,953 tons during September following the usual seasonal rise from the August level, but

Copper consumption in all was still 15.1 per cent. below figures at 463,510 metric tons, production a year earlier. Out

was 5.7 per cent. down. Despite put for the full three quarters

Cautious optimism on SALT

By Paul Lendvai

VIENNA. Nov. 14. THE sixth round of the Soviet-American Strategic Arms Limitations Talks (SALT) which began almost exactly two years ago, will be formally opened here tomorrow in an atmosphere of cautious optimism.

Refined copper imports for the first nine months of 1971 declined 8.8 per cent. to 274,887 tons. In September 10,885 tons came from Zambia, 5,882 tons from Canada and 3,815 tons from Chile.

Exports down

Exports, including re-exports, reached 14,006 tons in September bringing the nine-month total to 16,519 tons—5.9 per cent. down on the same period last year.

London Metal Exchange stocks of refined copper increased from 31,400 tons at the end of August to 35,470 tons at the end of September, but stocks reported by consumers dropped 7,764 tons to 18,855 tons.

U.K. zinc consumption, at 30,219 tons in the January to September period, was 1.3 per cent. down. Production of slab zinc fell back 13.3 per cent. to 97,000 tons, but imports rose 2.7 per cent. to 124,497 tons. Zinc stocks reported by consumers increased by 248 tons from the end of August to 22,647 tons at the end of September.

Lead consumption eased 1.4 per cent. to 254,125 tons in the first nine months of 1971. Output of refined soft lead was 7.1 per cent. down at 199,288 tons.

Refined lead imports, at 81,877 tons, were marginally higher than in the first three quarters of 1970. Australia remained the principal supplier with 39,680 tons, followed by Canada with 35,988 tons.

Both delegation leaders referred to the announcement of May 20 setting the goal of an agreement for the limitation of the deployment of Anti-Ballistic Missile systems, together with certain measures with respect to this limitation of strategic offensive weapons.

Confidence sources here stressed that the last SALT session, which recessed in Helsinki on September 24, ended on a "positive note" and added that the "prospects are not bad." It is, however, generally assumed that the original goal to achieve an agreement before the end of this year is unlikely.

After a brief Christmas recess in Vienna, a possible accord is now expected to be achieved by next spring on the eve of President Nixon's projected visit to Moscow in May, 1972.

While the Soviet side is pressuring for a limitation of the defensive Anti-Ballistic Missile System, the Americans are bound to insist on limitation of offensive strategic missiles, which pose an increasingly serious threat to the survivability of their ICBMs. Despite two years of SALT negotiations, the Soviet Union has been surging ahead in the deployment of powerful new missiles.

The company reiterated previous refusals to comment on its packaging problem.

The move follows a meeting between Lord Watkinson, chairman of the food and drinks group, and representatives of Friends of the Earth, the anti-pollution body which selected Cadbury-Schweppes as the prime target in its fight against non-returnable bottles.

In recent weeks, thousands of

Cadbury-Schweppes urges working party on packaging

BY DAVID WALKER

SUGGESTIONS for a Government-backed working party to examine the problems caused by non-returnable packaging have been put to the Department of the Environment by Cadbury-Schweppes.

The move follows a meeting between Lord Watkinson, chairman of the food and drinks group, and representatives of Friends of the Earth, the anti-

pollution body which selected Cadbury-Schweppes as the prime target in its fight against non-returnable bottles.

"Most containers—glass, plastic, paper, whatever you like—are non-returnable anyhow. We have always said that if anyone wanted to discuss non-returnable packaging overall we would be delighted."

Although Cadbury-Schweppes is clearly hopeful that other companies would want to participate in any body set up, it is not thought to favour an organisation for the industry such as has been established in the U.S.

In many quarters in Britain the American move is regarded as little more than a public relations exercise with minimal effectiveness.

At the same time, there is concern at the ambivalent public attitude to packaging here. It is being claimed that general demand is often responsible to some extent for just those things which are afterwards condemned for causing environmental problems.

Cadbury-Schweppes' approach said that the meeting between Lord Watkinson and Friends of the Earth had resulted in "a certain identity of view." Both sides felt that the Department should be asked to set up a working party to investigate the packaging problem.

The company reiterated previous refusals to comment on its packaging problem.

The move follows a meeting between Lord Watkinson, chairman of the food and drinks group, and representatives of Friends of the Earth, the anti-

pollution body which selected Cadbury-Schweppes as the prime target in its fight against non-returnable bottles.

In recent weeks, thousands of

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حکای ام من الکمل

By 1945, Germany had won a huge industrial advantage.



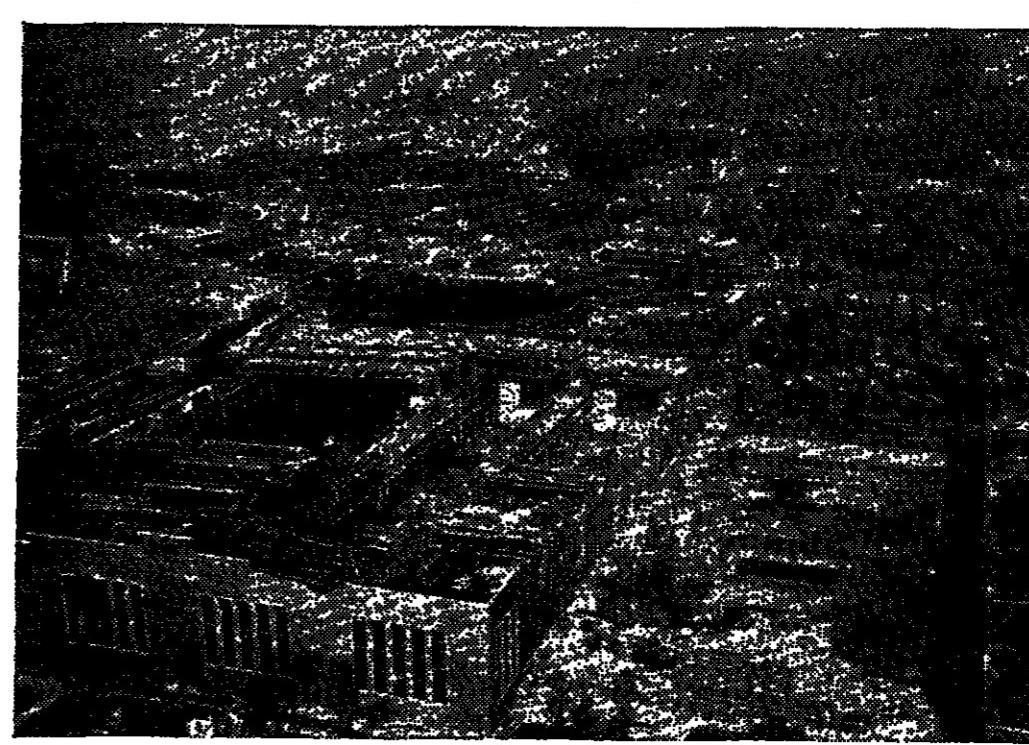
Aachen



Marl



Kassel



Essen



Ludwigshafen



Nuremberg



Neuenkirchen



Bochum



Fallersleben

Wartime bombing destroyed the German economy.

It also left the basis of Germany's post-war recovery.

For the bombs destroyed traditional attitudes as well as factories.

And when rebuilding started, efficiency rather than precedent governed every management decision.

In Britain, management saw no such need to change its ways.

And to this day, precedent is still one of the biggest factors in management decisions.

Take factory heating.

Every time a new factory is built, management has to choose between two completely different heating systems.

One, the warm air system, is modern, efficient and cheap.

The other, the boiler system, is old-fashioned, clumsy, and twice as expensive to install.

It is, however, hallowed by tradition.

Which is why 75% of factories built in Britain this year will be heated by a boiler system.

In contrast to Germany. Where, ever since the war, warm air heating has taken over

from boilers.

What makes British management's complacency sad is that the British make the best warm air heating system in the world.

It is made in Havant by Colt.

A Colt warm air system comes with a foolproof 10 year guarantee.

Every Colt system is regularly serviced by Colt engineers.

And Colt's fleet of over 60 service vehicles attend to any emergency within 24 hours.

Best of all, a complete Colt warm air system can now be leased.

In a 100,000 sq. ft. factory, for example, a mere £1,000 will now see a Colt system installed and in operation.

And £400 of that £1,000 will come straight back to you, in the shape of a 40% rebate on Corporation Tax.

Our free survey will show you how little it would cost you.

With the Common Market coming, the boiler system is not a tradition you can afford to keep up.

Colt International Ltd. (Hearing Ventilation & Industrial Access), Havant, Hants. Havant 6411. Telex: 86219.

London
International
The first
class
just out
the road
the BEA
London
terminal



Crownair
London
International

This Advertisement is issued in compliance with the Regulations of the Council of the Northern Stock Exchange for the purpose of giving information to the Public with regard to R. KELVIN WATSON LIMITED ("THE COMPANY"). The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in the Advertisement misleading.

Application has been made to the Council of the Northern Stock Exchange for permission to deal in and for quotation for the whole of the 1,000,000 issued Ordinary Shares of 10p each of the Company.

R. KELVIN WATSON LIMITED

(Incorporated under the Companies Acts, 1948 to 1967)



CONTACT LENS MANUFACTURERS AND OPTICIANS

WATSONS
Opticians

SHARE CAPITAL

Authorised

£

150,000 in Ordinary Shares of 10p each

Issued and Fully Paid

£

100,000

Placing by
David Q. Henriques & Co.
of 350,000 Fully Paid Ordinary Shares of 10p each at 88p per Share

Exclusive of inter-company indebtedness, neither the Company nor any of its subsidiaries has outstanding any mortgages, charges, hire-purchase commitments, debentures, loan capital, bank overdrafts or other similar indebtedness, guarantees or material contingent liabilities.

DIRECTORS

RAYMOND KELVIN WATSON, F.B.O.A., H.D. (*Chairman*), Plas Heulog, Conway, Caernarvonshire.
GEOFFREY KELVIN WATSON, F.B.O.A., Eileen Donan, 39 Roundcroft, Romiley, Cheshire.
CHARLES ERIC BLOODWORTH, F.B.O.A., Gell Logis, Chester Road, Mere, Cheshire.
JOHN GORDON LABREY, F.C.A., Delamere, 42 Offerton Road, Hazel Grove, Cheshire.
HILDA WATSON, Plas Heulog, Conway, Caernarvonshire.

BANKERS

NATIONAL WESTMINSTER BANK LIMITED, Loyd Entwistle Office, 35 King Street, Manchester M60 2NP.

SOLICITORS

To the Company:

GEORGE DAVIES & CO., 81 Fountain Street, Manchester M2 2FB.

To the Placing:

JOHN TAYLOR & CO., Royal Insurance Building, 2 Barton Square, Manchester M2 7LR.

BROKERS

DAVID Q. HENRIQUES & CO., Barnett House, Fountain Street, Manchester M2 2AS and the Northern Stock Exchange

AUDITORS, REGISTRARS AND TRANSFER OFFICE

SPICER AND PEGLER, Chartered Accountants, Derby House, 12-16 Booth Street, Manchester M60 2ED.

REPORTING ACCOUNTANTS

THORNTON BAKER & CO., Chartered Accountants, Brazenose House, Brazenose Street, Manchester M2 5AX.

SECRETARY AND REGISTERED OFFICE

JOHN GORDON LABREY, F.C.A., Kelvin House, Manchester Road, Denton, Manchester M34 2AH.

INCORPORATION

R. Kelvin Watson Limited ("the Company") was incorporated in England as a private company on the 9th of July, 1963 to acquire the issued share capital of Kelvin Lenses Limited ("Kelvin"), Watsons Opticians Limited ("Watsons"), W. Gordon (Llandudno) Limited ("Gordon"), and Geekay Optical Co. Limited ("Geekay"), and the Company was converted into a public company on the 5th of November, 1971. It acts as the holding company for its four subsidiaries named above, and owns beneficially all the share capital of each of them. The expression "the Group" herein means the Company, Watsons, Kelvin and Geekay with effect from their respective dates of incorporation, and Gordon with effect from its acquisition in 1967.

Watsons was incorporated under the name "Watsons, The Opticians, Limited" on the 23rd of January, 1941 to acquire the undertaking and assets of the business of ophthalmic opticians called "Watsons the Opticians" which was commenced by the present Chairman in 1932. It adopted its present name on the 21st of July, 1962.

Kelvin was incorporated on the 30th of May, 1947 as contact lens manufacturers, suppliers and fitters, following the development by the present Chairman of a unique method of manufacturing contact lenses by pressing rather than by grinding.

Geekay was incorporated on the 3rd of July, 1968 to take over a business called "Geekay Optical Co." This had been commenced by Geoffrey Kelvin Watson on the 1st of January, 1965 to take over the spectacles manufacturing section of Kelvin.

Gordon was incorporated on the 14th of April, 1956 and all its shares were acquired by Raymond Kelvin Watson, Hilda Watson and Geoffrey Watson for cash on 1st of January, 1967. Its business is similar to that of Watsons.

BUSINESS

Kelvin manufactures and supplies contact lenses to opticians, hospitals and ophthalmologists in the United Kingdom and overseas. In addition, it provides a nationwide service to the optical profession whereby its staff of specialist practitioners (based in Manchester, London, Edinburgh, Cheltenham, and Wakefield) visit opticians and fit contact lenses on their behalf in the opticians' own premises. It also supplies cleaning and wetting solutions under its own brand names for use with contact lenses, and offers facilities for the replacement of lost or damaged contact lenses in return for an annual fee.

Watson and Gordon operate as ophthalmic opticians in eleven branches in the North-West.

Geekay manufactures spectacles to prescription for the practices of Watsons and Gordon and for other opticians.

MANAGEMENT AND STAFF

Raymond Kelvin Watson (aged 61) has been actively engaged in the business of the Group since its commencement in 1932. He has been Chairman and Chief Executive of the Company since its formation in 1968. His wife, Hilda Watson, has been associated with the business since 1935 and was secretary of Watsons and Kelvin for a number of years. As a non-executive Director of the Company, she continues to take an active interest in Group affairs. Their son, Geoffrey Watson (aged 34), joined Watsons in 1959 and has been its Managing Director for the last four years. Eric Bloodworth (aged 40) joined Kelvin in 1955 and has been its Managing Director for the last six years. Gordon Labrey (aged 36) joined Kelvin in 1965 as Accountant and Office Manager. He was appointed Secretary of Kelvin in 1966, of Watsons in 1967, and of the Company in 1968. In addition, each of the subsidiaries is served by an experienced management team.

A great deal of the success of the Group has been due to close liaison between the staff at all levels and the operation of a profit sharing scheme. Turnover of staff is small and labour relations are excellent. The total number of employees in the Group is 158.

PREMISES

The Group's Freehold and Long Leasehold Premises, which were valued by Suttons, Chartered Surveyors and Valuers of Manchester as at September 1971 on a market value basis, with vacant possession at an aggregate of £54,350 are set out below:-

Premises	Approximate area (sq. yds.)	Floor area (sq. ft.)	Tenure	Occupier
Head Office and Works, Kelvin House, Manchester Road, Denton, Manchester	1,082	7,000	Freehold Leasehold 998 years from 1927. Ground Rent 71p per annum	Kelvin Watson
Shop, 28 Warner Street, Accrington, Lancs.	86	684	—	—

2 long leasehold shops at Hyde, Cheshire
(terms not less than 750 years)

— 1,537 —

Fully sublet on short terms at an aggregate net receivable rent of £631·50 p.a.

In Addition:-

(a) Kelvin occupies 4 leasehold shops and/or offices at Kingston-on-Thames, Edinburgh, Cheltenham and Wakefield, for various terms of not less than 3 years and not exceeding 18 years to run, at aggregate current rent of £1,780 p.a.

(b) Watsons and Gordon occupy 8 leasehold shops and/or offices in the North-West for various terms of not less than 4 years and not exceeding 20 years to run, at aggregate current rents of £6,316 p.a. and Watsons is negotiating the renewal of a lease for a tenth shop.

PLANT, MACHINERY, TOOLS AND EQUIPMENT

The Group's Plant, Machinery, Tools and Equipment are maintained to the high precision standard necessary for its process of lens production. They include specialist machinery and tools of own design and manufacture which are not available to competitors.

MOTOR VEHICLES

The substantial fleet of vehicles necessary for the Group's country-wide service is modern and replacements are made at not more than 2 year intervals.

CANADIAN SUBSIDIARY

On the 31st of May, 1968 a wholly owned subsidiary, Kelvin Contact Lenses (Canada) Limited was incorporated in Canada to manufacture and supply contact lenses by Kelvin's method. The cost of breaking into the North American Market has proved to be higher than anticipated, and this company was sold to local Canadian interests in October, 1971. As will be seen from the Statement of Net Tangible Assets in the Accountants' Report, provision has been made for the losses and liabilities resultant from this venture and is adequate to avoid any further charge thereto having to be made against the future Assets or Profits of the Group.

RESEARCH

For almost two years the National Research Development Corporation has sponsored research at the University of Aston in Birmingham for the development of a material suitable for the manufacture of soft contact lenses and has applied for provisional patents thereon. Kelvin has agreed in principle with the University to contribute to that research for up to two and a half years and also to continue technical assistance rendered by Kelvin's staff. This contribution will not exceed £14,350 in the first twelve months of operation and it is anticipated that this rate of expenditure will not be exceeded during the remaining eighteen months of the agreement. Heads of Agreement are being negotiated for the grant to Kelvin by the National Research Development Corporation by December 1971 of an option to acquire an exclusive licence for the manufacture and supply of the material for contact lenses in the United Kingdom and a share in licences granted for overseas. The Directors are of the opinion that the potential benefits therefrom should be considerable.

PROFITS, PROSPECTS AND DIVIDENDS

As will be seen from the figures set out in the Accountants' Report below, Sales and Profits have increased steadily over the past ten years. All subsidiaries have shared in the increase and the major contribution has been from Kelvin. Although the Group is not immune from competition, it is the leading manufacturer of contact lenses in the United Kingdom. Its method of manufacture and its research projects place it in a strong position to withstand competition.

Turnover and Profits of the Group on the basis of unaudited figures for the first six months of the current year show an increase over the corresponding figures for the year ended 31st of March, 1971. The Directors are of the opinion that, in the absence of unforeseen circumstances, profits of the Group before taxation for the year ending 31st of March, 1972 should not be less than £140,000. Assuming that the research arrangements referred to previously with the University of Aston in Birmingham are concluded successfully, the change against such profit for this research will be approximately £6,000 for the period to 31st March, 1972 and £14,350 for the year.

On this basis, the Board expect to recommend a dividend for the year ending 31st of March, 1972 of 2·5p per share payable in August 1972. In a full financial year as a public company, the Board would expect to recommend dividends totalling 5p per share with an interim dividend in February, and a final dividend payable in the following August.

WORKING CAPITAL

The Group has not had recourse to bankers or other borrowing to finance its expansion in the United Kingdom during past years and the Directors are of the opinion that, having regard to existing bank facilities for recourse if need be, the Group has adequate working capital for its presently foreseen requirements.

DIVIDEND COVERS, YIELD AND PRICE/EARNINGS RATIO

On the basis of profits before taxation, estimated as above, an Ordinary dividend of 5p per share would be covered as shown below:-

	Estimated profits (for the year ending 31st March, 1972)	£
Less University of Aston Research (to 31st March, 1972)	140,000	
Less Corporation Tax at 40 per cent.	6,000	
Ordinary Dividend of 5p per share	134,000	
Retained in the Business	53,600	
Dividend Cover	50,400	
	50,000	
	30,400	
	1·6 times	

At the placing price of 88p per share the gross dividend yield would be 5·68 per cent. with a price/earnings ratio of 10·95.

ACCOUNTANTS' REPORT

The following is a copy of a joint report received from Spicer and Pegler, auditors of the Company and Thornton Baker & Co., Reporting Accountants:-

To the Directors of R. Kelvin Watson Limited and David Q. Henriques & Co.

11th November, 1971

Gentlemen,

We have examined the audited Accounts of R. Kelvin Watson Limited ("the Company") and its wholly owned United Kingdom subsidiaries (collectively referred to as "the Group") viz.:-

1. R. Kelvin Watson Limited	Period	Appointed by
	1st April, 1968 to 31st March, 1970	Morton & Barber, 5 Corporation Street, Hyde, Cheshire. Chartered Accountants
	1st April, 1970 to 31st March, 1971	Spicer and Pegler, Derby House, 12/18 Booth Street, Cheltenham, Glos. Chartered Accountants
2. Kelvin Lenses Limited	1st April, 1961 to 31st March, 1970	Morton & Barber
	1st April, 1970 to 31st March, 1971	Spicer and Pegler
3. Watsons Opticians Limited (until 21st July, 1968 named Watsons The Opticians Limited)	1st April, 1961 to 31st March, 1970	Morton & Barber
	1st April, 1970 to 31st March, 1971	Spicer and Pegler
4. G. K. Watson trading as Geekay Optical Co.	1st April, 1968 to 30th September, 1968	Morton & Barber
5. Geekay Optical Co. Ltd. (Incorporated 3rd July, 1968 to acquire Geekay Optical Co.)	1st October, 1968 to 31st March, 1971	Morton & Barber
6. W. Gordon (Llandudno) Ltd.	1st April, 1968 to 31st March, 1971	Morton & Barber
	1st April, 1968 to 31st March, 1971	Spicer and Pegler
	1st April, 1970 to 31st March, 1971	Spicer and Pegler
	1st April, 1971 to 31st March, 1971	A. A. Thomas, Evans & Co., 4 Trinity Square, Llandudno. Chartered Accountants
	1st April, 1971 to 31st March, 1972	Morton & Barber
	1st April, 1972 to 31st March, 1973	Spicer and Pegler
	1st April, 1973 to 31st March, 1974	A. A. Thomas, Evans & Co., 4 Trinity Square, Llandudno. Chartered Accountants
	1st April, 1974 to 31st March, 1975	Morton & Barber
	1st April, 1975 to 31st March, 1976	Spicer and Pegler
	1st April, 1	

Overseas News



IN BRIEF

BELGIUM: King Baudouin has appointed M. Gaston Eyskens, head of the outgoing Belgian Government, to advise him in his task of choosing the country's next Prime Minister. The appointment confirms reports that there are difficulties in forming a new Government following a general election last Sunday in which M. Eyskens' coalition of Social Christians and Socialists were given a majority but extreme Federalists made spectacular gains.

TUNISIAN Economy Minister Njani Chelly, in an interview with the Socialist Party newspaper L'Action, said oil had just been discovered in the Gulf of Gabes off southern Tunisia. He said 2m. tons of oil per year could be produced from the site and production is expected to begin by March, 1973.

EGYPTIAN International Bank of Trade and Development has received a British offer for financing a project for the production of railway spare parts, the purchase of cargo ships and the development of the Egyptian shielf.

ISRAELI Cabinet decided to establish an inquiry commission to investigate the management of oil fields in the Sinai Peninsula following allegations of irregularities raised by a Government economist.

A copy of this Offer for Sale, having attached thereto the documents mentioned herein, has been delivered to the Registrar of Companies for registration. Application has been made to the Council of The Stock Exchange, London for permission to deal in and for quotation for the whole of the issued share capital of the Company. The Application Letter for the Ordinary Shares now offered for sale will open at 10 a.m. on Thursday, 16th November, 1971, and will close on the same day.

Bernard Matthews Limited

(Incorporated under the Companies Act, 1948)



Authorised

£1,250,000

in 5,000,000 Ordinary Shares of 25p each

The Company has outstanding an unsecured bank overdraft, which on 29th October, 1971 amounted to £227,930. Save as aforesaid and apart from inter-company indebtedness and guarantees, neither the Company nor any of its subsidiaries has outstanding any mortgages, charges, debentures, bank or other similar indebtedness, hire purchase commitments or guarantees or other material contingent liabilities.

SHARE CAPITAL

Issued and to be issued fully paid

£1,000,000

in 40,000 Ordinary Shares of 25p each

Kleinwort, Benson Limited

Offer for Sale of 1,600,000 Ordinary Shares of 25p each at 100p per share payable in full on application

The Ordinary Shares now offered for sale will rank in full for all dividends hereafter declared or paid on the Ordinary Share Capital of the Company. However, it is not the intention of the Directors to recommend any dividends in respect of the 53 weeks ending 2nd January, 1972.

DIRECTORS
BERNARD TREVOR MATTHEWS,
(Chairman and Managing Director),
Great Witchingham Hall, Norwich, Norfolk, NOR 6XZ.
STANLEY SUTHERLAND SMITH, M.A. (Hons.),
"Half Acre", The Street, Taverham, Norwich, Norfolk, NOR 5XZ.
CHRISTOPHER JOHN HARRY SIMPSON, B.Sc. (Hons.), M.L.Biol.,
The Old Rectory, Aylsham, Norfolk, NOR 07Y.
ROBERT ALEXANDER NICOLL NAPIER, B.Sc. (Agric.),
Dip. Anim. Genetics, Ph.D.,
"Auchnacree", Weston Longville, Norwich, Norfolk, NOR 5XZ.

STANLEY ALFRED BRIGGS, F.C.W.A., A.C.I.S.,
Flint Cottage, Guist, East Dereham, Norfolk.
MICHAEL CARSEY CHITOCK, M.C.,
568 Cathedral Close, Norwich, Norfolk, NOR 16P.
SECRETARY AND REGISTERED OFFICE
STANLEY ALFRED BRIGGS, F.C.W.A., A.C.I.S.,
Great Witchingham Hall, Norwich, Norfolk, NOR 6XZ.
BROKERS
JAMES CAPEL & CO.,
Winchester House, 100 Old Broad Street, London, EC2N 1BQ
and The Stock Exchange, London.

AUDITORS AND REPORTING ACCOUNTANTS
DIXON, WILSON & CO. (Chartered Accountants),
Gillett House, 55 Basinghall Street, London, EC2V 5EA.
SOLICITORS
To the Company:
DAYNES, CHITOCK & BACK,
57 London Street, Norwich, Norfolk, NOR 01E.
To the Offer:
THEODORE GODDARD & CO.,
16 St. Martins-le-Grand, London, EC1A 4EJ.

BANKERS
BARCLAYS BANK LIMITED,
30 London Street, Norwich, Norfolk, NOR 1E.
RECEIVING BANKERS AND TEMPORARY REGISTRARS
KLEINWORT, BENSON LIMITED,
Registration and New Issues Department, 13 Froid Lane,
London, EC3P 8EE.
REGISTRARS AND TRANSFER OFFICE
BARCLAYS BANK TRUST COMPANY LIMITED,
Registration Division, P.O. Box No. 123, 2 London Wall Buildings,
London Wall, London, EC2P 2BU.

HISTORY AND BUSINESS

Mr. Bernard Matthews first started in business as a breeder of turkeys in Norfolk in 1960. The business progressed and in 1965 Great Witchingham Hall and some 36 acres of land were acquired. In 1969 the Company was formed and acquired this business from Mr. Matthews.

The Company was a pioneer in developing the year-round, as opposed to seasonal, production of turkeys and as a result of continuous research, development of breeding programmes and expansion of the growing and processing aspects of the business, the Company has now developed to what is believed to be the largest integrated turkey producer in Europe. Production now exceeds two million birds per annum, a substantial proportion of which are sold under its own registered trade mark "Norfolk Manor".

Every aspect of the integrated production of turkeys is undertaken by the Company, from the breeding of pedigree birds through to the processing and freezing in oven-ready form. The Company also carries out extensive research and development into all aspects of turkey production.

Sales and Marketing

In each of the last ten years approximately 90 per cent. of the Company's sales have been in the form of frozen oven-ready turkeys. The balance of the Company's sales have been in fresh turkeys, both whole and in cut portions, and also in breeding stock and hatching eggs for commercial egg stock.

Over this period the annual availability of turkeys in frozen and fresh form in the United Kingdom is estimated by the Company to have increased from approximately 54 million birds in 1962 to 13 million in 1970. This represents an overall rate of expansion of the order of 11 per cent. per annum.

Sales by the Company have not only kept pace with the growth of the industry, but in recent years the Company has significantly increased its share of the turkey market. In respect of 1970 the Company estimates that its sales represented approximately 17 per cent. of the total turkey market and 22 per cent. in frozen oven-ready form.

The growth of the market for turkeys can largely be attributed to two factors. First, the overall reduction in price as compared with continuous increases in the price of red meats and second, the development of sales at times other than Christmas, in particular at Easter and other holiday periods. For example, consumption of turkeys at Christmas is now believed to represent about 60 per cent. of total annual consumption, whereas in earlier years this amounted to as much as 80 per cent. In addition, there has been a considerable increase in recent years of sales throughout the year and the sale of turkey in cut portions has expanded. As the original producer of the "mini" turkey, which weighs between 5 and 7 lbs., the Company has played an important part in the development of these markets.

The Company sells to approximately one hundred customers, sales being almost equally divided between the wholesale and retail trades. Among the famous high street outlets served by the Company are Baxters (Butchers), the Co-op, Dewhurst, Fine Fare, Mac Fisheries and J. Sainsbury. The Company also serves major meat and poultry wholesalers and a range of frozen food wholesalers and mail order houses including Littlewoods. No single customer took more than 15 per cent. of total sales in respect of 1970.

The Company's sales policy is to contract on a forward basis for the major part of its output and sales are generally made two to four months ahead of production. Over 90 per cent. of the 1971 production has already been sold.

Apart from consumer products mentioned above, the Company has built up over the years sales of turkey breeding stock and technology. Over the last three years in particular, export sales have been substantially expanded and at present the Company has a major share of the turkey breeding stock market in Hungary and Yugoslavia, as well as exporting to many other European countries.

Breeding, Research and Development

The Company has been involved in the scientific breeding of turkeys since 1969 and during that time has developed the internationally accepted Matthews Ten-30 strain, which combines high reproductive performance with good meat production. This strain, which is used by the Company is also sold as mentioned above.

As protection against loss through disease, the breeding flocks for the production of eggs, which are distinguished from the commercial growing flocks, are held at ten widely dispersed sites, six of which are provided by local farmers with whom the Company has contractual arrangements.

In addition to the breeding research programme, the Company has a team of some 25 people involved in environmental and nutritional research, which covers in particular the design and management of turkey rearing houses and the formulation of turkey feeds in respect of both the breeding and commercial growing flocks. The Company rents an IBM computer which is installed at Great Witchingham Hall and on which all research data is both recorded and analysed.

A health laboratory is also maintained, controlled by a professional bacteriologist assisted by qualified staff. This laboratory undertakes the constant surveillance of the health status of both the growing and the breeding birds and examines the effectiveness of all cleaning and hygiene procedures.

Hatchery

The hatchery, which is situated in the grounds of Great Witchingham Hall, is equipped with modern machinery and has a capacity to incubate 110,000 eggs per week. It has its own water conditioning plant, central heating system, and stand-by generating plant so that a failure of the electricity supply cannot jeopardise the incubation process.

Breeding

The Company has developed and built turkey rearing houses in which light, ventilation and temperature can be closely controlled at optimum levels for stock comfort and efficient production. After the initial brooding stage, watering and feeding is automatic.

The turkey rearing houses are situated on 5 separate sites, all of which are within 25 miles of Great Witchingham Hall. The growing of turkeys in a controlled environment has led to a significant reduction in production costs. As far as possible each of the Company's rearing sites is sub-divided into small groups of houses operated on an all-in, all-out basis so that the presence at the same time of both young and old birds on a site is kept to a minimum.

Processing

The Processing Plant is situated in the grounds of Great Witchingham Hall. It has an annual capacity for processing 24 million oven-ready turkeys and a cold store with a capacity to hold 200,000 turkeys. The Company intends to expand this plant during 1972 at a cost of some £200,000 which will not only allow for a greater volume of production of oven-ready turkeys but will also provide extra capacity for producing turkey meat in other forms.

MANAGEMENT AND STAFF

Mr. Bernard Matthews, the founder of the business, is the present Chairman and Managing Director. He is 41 years of age and has spent most of his working life in the business. He has recently been elected as the Chairman of the British Turkey Federation and is also the Chairman of the local Board of the Commercial Union Assurance Company Limited.

As the Company has developed, Mr. Matthews has built up a management team covering each of the various activities of the Company. The Directors in charge of the Company's main activities are described below.

Mr. S. Sutherland Smith, aged 53, is Director of Marketing and has been with the Company for 5 years.

Mr. C. J. H. Simpson, aged 45, is Production Director and has been with the Company for 8 years. Dr. R. A. N. Napier, aged 39, is Director in charge of the Breeding Division and has also been responsible for genetic and environmental research during his period of 10 years' service with the Company.

Mr. S. A. Briggs, aged 52, is Financial Director and Secretary; he has been with the Company for 7 years.

Mrs. M. C. Chitcock, solicitor, aged 55, is a non-executive Director and a partner of Daynes, Chitcock & Back, the Company's legal advisers; he has been a Director for 5 years.

The Company employs approximately 480 people. Labour relations are good and by virtue of its location the Company is fortunate in the traditional Norfolk stockmanship skills of its farm staff.

A Profit Sharing Scheme is in operation for some 42 executives and managers, including executive directors, and is based on the return on capital employed. There is also an optional contributory pension fund and life assurance scheme, which was established in 1963 and is available to all monthly paid staff.

LAND AND BUILDINGS

The Company owns the freehold of Great Witchingham Hall, most of which has been converted to office accommodation. However, one wing is occupied, rent-free, by Mr. and Mrs. Matthews and their family.

The Company owns freehold land at 9 sites all of which are within 26 miles of Great Witchingham Hall and amount in total to 944 acres.

Eighty-nine turkey houses, purpose-built by the Company's own building division, are situated on the above sites. The houses are of timber and asbestos construction on concrete bases and have a total floor area of 1,700,000 sq. ft.

The Processing Factory, which was built between 1960 and 1963, has a floor area of approximately 51,000 sq. ft. and includes a cold store with a capacity of 250,000 cu. ft.

WORKING CAPITAL

The Directors are of the opinion that, taking into account the bank facilities which are available, the Company has sufficient working capital available for its present purposes.

PROFITS, PROSPECTS AND DIVIDENDS

The results of the Company for the 11 financial periods ended 27th December, 1970, together with the results for the 26 weeks ended 11th July, 1971 and the net tangible assets at that date, are dealt with in the Accountant's Report. Particular reference is made in that Report (Note (a) of the section dealing with Turnover and Profit) to the results for the first four financial periods ended 30th April, 1964. As a consequence of the compulsory slaughter of healthy birds mentioned in that Note, the Company had to reorganise its breeding programme and the results for the following 20 months ended 2nd January, 1966 continued to be adversely affected.

During the last five years sales have increased from £2 million in 1966 to £3.5 million in 1970 and

reduction in production cost per lb. of turkey. This reduction has been achieved mainly by the successful formulation through nutritional research of lower cost turkey feeds (which represent approximately 50 per cent. of the total cost of producing turkey in oven-ready form), the introduction of controlled environment rearing houses for both breeding and growing flocks and the elimination of contract growing of commercial birds by outside farmers. The development of the Company's turkey breeding programme has also resulted in a major reduction in the cost of producing day-old turkey chicks.

The profits before tax for 1970 would have been significantly higher but for the widespread outbreak of fowl pest which occurred in the autumn of 1970 and affected some of the Company's growing flocks. At that time the only vaccine permitted to be used by the Ministry of Agriculture was an inactivated type and this failed to give adequate protection to young birds. The Company has since co-operated with the Ministry to develop an effective vaccination policy, which includes the use of live vaccines, and as a result, there is now evidence to suggest that turkeys can be vaccinated to give protection against fowl pest.

The audited accounts for the first 28 weeks to 11th July, 1971 show a profit before tax of £125,570.

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Bill for boosting jobs prospects £1,600m.—Carr

BY ALEX HENDRY, LABOUR REPORTER

MR. ROBERT CARR, Secretary of State for Employment, yesterday listed what he called the "massive catalogue" of measures costing more than £1,600m.—taken by the Government to reduce unemployment.

He told a Young Conservative conference at Bournemouth: "All our actions have been designed to get the economy out of its six-year rut, to get it on the move again and so to create more jobs and more wealth for all of us. We shall not cease until we have succeeded."

Later this week the national unemployment figures will be given the problem of unemployment first priority status.

On their side, trade unions have been discussing overtime bans, shorter working weeks and opposition to redundancies to try to ease the problem.

Mr. Carr yesterday explained the Government's programme which includes £1,400m. in tax reductions, £40m. to modernise

regional rallies have been held throughout the country. Over the weekend, three took place—Belfast, Rochester and Cardiff.

In Rochester, Mr. Tom Jackson, general secretary of the Union of Post Office Workers, said: "This will be the worst Christmas we have had. The worst our children

Bank Rate had been reduced to

PROPERTY SOLD FOR £500,000

L. Frankenberger has sold its freehold and long-leasehold interest in 37 Houndsditch/19 Bevis Marks, London, EC3 to Haslemere Estates, for about £500,000, to be converted and modernised for office purposes.

Bernard Matthews Limited—continued

PROCEDURE FOR APPLICATION

Applications must be made on the accompanying Application Form and, with the exception of employees' applications (which are referred to below), must be for a minimum of 100 shares or a multiple thereof up to 2,000 shares, thereafter in multiples of 500 shares up to 5,000 shares, thereafter in multiples of 5,000 shares.

Each application must be accompanied by a separate cheque for the full amount payable on application and must be sent to KLEINWORT, BENSON LIMITED, REGISTRATION AND NEW ISSUES DEPARTMENT, 13 ROAD LANE, LONDON, EC3M 5BB, SO AS TO ARRIVE NOT LATER THAN 10 A.M. ON THURSDAY, 18TH NOVEMBER, 1971. Cheques, which must be drawn in sterling on a bank in and be payable in England, Scotland or Wales, must be made payable to "Kleinwort, Benson Limited" and be crossed "Not Negotiable". All cheques and able to be presented for payment on receipt. Due completion and delivery of the Application Form accompanied by the necessary cheque will constitute an undertaking that the cheque will be honoured on first presentation and attention is drawn to the declaration on the Application Form to this effect. Kleinwort, Benson Limited reserves the right to retain all Letters of Acceptance and surplus application monies pending clearance of all applications, cheques and to reject any application (and in particular multiple or suspected multiple applications) or to accept any application in part only.

Preferential consideration will be given to applications made by Executive Directors and employees of the Company up to a maximum of 100,000 Ordinary Shares if made on the special pink Application Forms provided such applications must be for a minimum of 50 shares.

Acceptance of applications will be conditional upon the Council of The Stock Exchange, London, granting an offer before 19th November, 1971, to subscribe to deal in and quotation for the whole of the issued Ordinary Capital of the Company. Money paid in respect of all applications will be returned if no subscription and quotation are not granted by that date and in the meantime will be retained by Kleinwort, Benson Limited in a separate account.

No receipt will be issued for the payment on application, but an acknowledgement will be forwarded in due course of the applicant's risk, either by way of a fully valid Letter of Acceptance for all or part of the shares applied for, or by the return by cheque through the post of the application monies or any surplus thereof.

Letters of Acceptance will be non-negotiable up to and including Friday, 17th December, 1971, and the Ordinary shares now offered for sale will be registered free of stamp duty in the names either of the original applicants or of the persons in whose favour Letters of Acceptance have been resubmitted provided that, in the case of renunciation, Letters of Acceptance (fully completed in accordance with the instructions contained therein) are lodged for registration on or before Friday, 17th December, 1971.

Share certificates will be available for collection from Barclays Bank Trust Company Limited, Registration Division, 2, London Wall Buildings, London, EC3P 2BU on Monday, 3rd January, 1972. In the event that these certificates are not collected before Friday, 14th January, 1972, they will be automatically despatched by ordinary post to the registered holder or, in the case of joint holdings, the first named holder at the risk of the registered holder(s).

Copies of this Offer for Sale with Application Forms may be obtained from:

KLEINWORT, BENSON LIMITED, Registration and New Issues Department, 13 Road Lane, London, EC3M 5BB. JAMES CAPEL & CO., Winchester House, 100, Old Broad Street, London, EC2N 1BP. BARCLAYS BANK TRUST COMPANY LIMITED, New Issues Division, P.O. Box 78, Malvern House, 72, Upper Thames Street, London, EC4P 4BJ. BARCLAYS BANK LIMITED, P.O. Box 38, Bank Plain, Norwich, NOR 7OA, and 30, London Street, Norwich, NOR 11E.

THE APPLICATION LIST WILL OPEN AT 10 a.m. ON THURSDAY, 18th NOVEMBER, 1971, AND WILL CLOSE ON THE SAME DAY.

Bernard Matthews Limited

(Incorporated under the Companies Act, 1948)

OFFER FOR SALE

BY

KLEINWORT, BENSON LIMITED

of 1,600,000 Ordinary Shares of 25p each at 100p per share payable in full on application

APPLICATION FORM

To: KLEINWORT, BENSON LIMITED

Gentlemen,

Number of shares for which application is made	Amount of cheque enclosed
£	

Applications must be made for a minimum of 100 shares or a multiple thereof up to 2,000 shares, thereafter in multiples of 500 shares up to 5,000 shares, thereafter in multiples of 5,000 shares up to 20,000 shares, thereafter in multiples of 5,000 shares.

We enclose a cheque for the above-mentioned sum, being the amount payable in full at 100p per share on application for the above-mentioned number of Ordinary Shares of 25p in the Company and I/we offer to purchase that number of shares upon the terms of your Offer for Sale dated 11th November, 1971 and subject to the Memorandum and Articles of Association of the Company and I/we hereby undertake and agree to accept the same on behalf of the holder of shares in respect of whom the Application may be made. I/We make the following declaration in respect of the shares to be held by the Plaintiff(s) as holder(s) of the said shares so far as they have not been effectively renounced and to send a non-negotiable Letter of Acceptance in respect thereof, and for a cheque for any monies receivable to me/us by ordinary post at my/our risk to the address first given below.

If we understand that due completion and delivery of this Application Form accompanied by a cheque will constitute an undertaking that the cheque will be honoured on first presentation.

IMPORTANT.—To comply with the provisions of the Exchange Control Act, 1947, the Applicant(s) must make the declaration in the following paragraphs or, if unable to do so, to state the details of the arrangement and arrange for his Application to be lodged through an Authorised Depositary or an Approved Agent in the Irish Republic. No application can be considered unless this condition is fulfilled.

I/We declare that I/we am/are not resident outside the Scheduled Territories* and am/are not acquiring the shares as the nominee(s) of any person(s) resident outside those Territories.

Signature _____ Dated _____ 1971

PLEASE USE BLOCK CAPITALS

Christian Name(s) (in full)

Surname and designation (Mr., Mrs., Miss or Title)

Address (in full)

(2) Signature _____ (3) Christian Name(s) (in full)

Surname _____ (4) Mr., Mrs., Miss or Title _____ Address (in full) _____

Please pin cheque here

ALL JOINT APPLICANTS MUST SIGN

A Corporation should sign under the hand of a duly authorized officer who should state his representative capacity.

This Application Form should be completed and forwarded to Kleinwort, Benson Limited, Registration and New Issues Department, 13 Road Lane, London, EC3M 5BB together with a cheque for the full amount payable so as to arrive no later than 10 a.m. on Thursday, 18th November, 1971.

A separate cheque must accompany each Application Form.

Cheques which must be drawn on a bank in and be payable in England, Scotland or Wales, must be made payable to "Kleinwort, Benson Limited" and crossed "Not Negotiable". No application will be considered unless these conditions are fulfilled. All cheques will be held for payment for payment.

No receipt will be issued for the payment of application monies or any surplus thereof. The application may be forwarded in due course at the applicant's risk, either by way of a fully valid Letter of Acceptance for all or part of the shares applied for, or by the return by cheque through the post of the application monies or any surplus thereof.

EXCHANGE CONTROL ACT, 1947

Authorised Depositories are listed in Appendices I and II of the Bank of England's Notice ECI, and include Banks and Stockbrokers in, and Solicitors practising in, the United Kingdom or the Channel Islands.

An Approved Agent in the Irish Republic is defined in the Bank of England's Notice EC 10 (Third Issue), as an Approved Agent in the Republic of Ireland or a Solicitor practising in the Irish Republic or the Provincial Banks of Scotland, England or a Solicitor practising in the Irish Republic.

The Scheduled Territories are certain countries: The British Commonwealth (except Canada and Rhodesia), the Irish Republic, British Trust Territories, British Protectorates and Protected States, Bahrain, Iceland, the Hashemite Kingdom of Jordan, Kuwait, Libya, Qatar, South Africa and South West Africa, Samoa, and the People's Democratic Republic of Yemen.

Warning by pilots to BEA

BEA's 1,400 pilots appeared at the week-end to be setting a course for a head-on clash with the airline.

A letter from the BEA Pilots' Council in the British Airline Pilots' Association warns them to put financial affairs in order ready to withstand a period of possible unemployment. Capt. Don Leing, the Council chairman, says they will now prepare to withdraw all co-operation with BEA from April.

The pilots expect the airline to remain with "lock out". So, in order to give themselves time to prepare financially, they have delayed their action for over four months. Capt. Leing also says in his letter that passengers will have time to book on other airlines.

The dispute ranges over many grievances including pay, meal allowances and survival training.

IATA begins probe on profitability

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE INTERNATIONAL Air planning on appropriate sub-Transport Association—the jects.

Mr. Hammarskjold says every effort must be made to minimise the effects of the "cyclical fluctuations" experienced by the industry.

It will be a wide-ranging and forward-looking study, according to Mr. Knut Hammarskjold, director-general of IATA, and will cover all factors affecting the world air transport industry's economic performance.

A preliminary report is planned for next March "which will outline possible options open to the industry and various avenues that might be explored which, taken together, could lead to improved profitability."

Favourable

But long-term economic prospects, he believes, should provide a generally favourable base for the development of air transport.

Most Governments are committed to policies of economic growth, despite current monetary and other difficulties. "An expanding world economy and rising affluence, along with other favourable socio-economic trends such as rising education and greater leisure time, should provide a sound basis for the future demand for air service, in the absence of adverse political and economic developments."

SHEEPBRIDGE SHORT-TIME WORKING

Short-time working begins today for about 100 men in the sand foundry at Sheepbridge Engineering, Chesterfield. The Amalgamated Union of Engineering Workers has persuaded the management to accept work sharing instead of introducing about 50 redundancies in the sand foundry.

A union official said that for the men it would mean alternate weeks at work and on

ADVERTISEMENT Electrostatic copies on ordinary paper cost more!

Many users of copying equipment face changes in their Rental Contracts early next year.

A recent announcement from one of the top names in the Copying Industry since 1939, markets a range of seven copier models through branches in major cities as well as a network of Exclusive Local Distributors.

World-wide sales of Apeco over the last 3 years have increased by an average of 35% each year and during 1971 have increased in the U.K. by 52%. Apeco Limited is the fastest growing subsidiary of Apeco International.

Recently a senior company spokesman attributed the cost savings to the more economical direct image electrostatic process and the built-in quality and control in the company's manufacturing units in the U.S.A., Europe, and Australia.

Apeco is the only company in the Copying Industry to back up its proven reliability and high standards of preventative maintenance for those Users purchasing the Apeco Copymaker, by a Million Copy Guarantee.

Something to smile about from

APECO

Apeco prices have not risen since 1967.

The introduction of Roll-O-Matic Apeco electrostatic copymakers has meant a reduction of 20% for many New Apeco Users.

Apeco will cut copying costs further, by technical innovation and by increased efficiency.

You have the choice of: Rental, Outright Purchase Lease, or an Equity Copy Plan tailored to your needs.

And 7 MODELS TO CHOOSE FROM, and Apeco "Bond-Like" means crisp, dry copies on high quality lightweight paper.

PRINTOUT



MARTIN-BLACK LIMITED

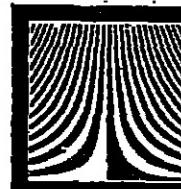
Group (unaudited) results for the half year to 30th June, 1971

TURNOVER	Half year ended 30.9.71	Half year ended 30.9.70	Year ended 31.3.71
(excluding inter-company sales)		All figures in £000's	
Sales in the United Kingdom	24,081	22,144	41,377
Exports from the United Kingdom	270	223	584
Sales by overseas subsidiaries	12,219	7,920	23,487
	36,570	30,287	65,448
GROUP PROFIT FOR THE PERIOD BEFORE TAXATION			
After all charges and expenses:			
United Kingdom operating subsidiaries	2,641	1,664	2,348
Overseas operating subsidiaries	2,188	884	3,621
Associated companies overseas-share of profits, less losses, attributable to group companies	762	5,591	592
	3,140	1,204	7,173
ESTIMATED TAXATION:			
On profits of United Kingdom and overseas subsidiaries	2,175	1,193	3,196
On share of profits of associated companies	400	2,575	575
	3,016	1,669	3,402
PROFITS ATTRIBUTABLE TO OUTSIDE SHAREHOLDERS IN SUBSIDIARIES:			
Subsidiaries profits	620	257	891
Share of profits of associated companies	25	645	16
Profits attributable to Redland Limited	2,371	1,391	2,495

The Directors are of the opinion that the results for the twelve months ending 31st March, 1972 will show a substantial improvement over those of the previous year, but they do not expect the percentage improvement in the second half of the year to be as great as that shown for the first half.

NOTES

1. The group profit has been arrived at, and is presented, in a similar manner to that adopted for the annual accounts, but the current half-year's figures are subject to audit and year-end adjustments. The results include those of the European subsidiaries and associates for the half-year ended 30th June, 1971, which have been converted into sterling at current rates of exchange.
2. Taxation comprises United Kingdom corporation



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

• POWER

Portugal's atom industry

LONDON - BASED Burmot Engineering Consultants, offspring of Burns and Roe Inc of New Jersey, U.S. and Motor-Columbus Consulting Engineers, Baden, Switzerland, has been appointed to carry out an extremely important series of tasks connected with the establishment of a Portuguese domestic infrastructure able to order and operate nuclear stations. The company will also take a close look at domestic industries to assess their ability to supply nuclear station components and will help suitable industrial companies to prepare themselves to manufacture atomic equipment.

Junta de Energia Nuclear (JEN) has retained the group as consultants on the country's plans for the introduction of atomic stations. Growing power demand, previously met in the main from hydro-electric generation, must be satisfied increasingly in the future by thermal generation.

Competitive

JEN has been discussing ways of introducing new thermal and nuclear plants with various other Government departments and with the electric utility, Companhia Portuguesa de Electricidade (CPE). The results of the study show that under local conditions, a nuclear plant in the size 500 to 600 MWe will be competitive with fossil fuel plants.

The planned programme aims at a system capacity of about 3,500 MWe by 1978 and this would allow for a first nuclear plant by 1979.

This implies the placing of an order in 1973-74. The initial order would be followed by further contracts at intervals of

two to three years and the rate of ordering would mean that on present growth curves practically all new capacity added after 1980 would be nuclear.

Specifically, two contracts have been signed between JEN and the engineering consultants. They require the latter to set up a reactor licensing authority in Portugal and to develop evaluation standards and procedures.

Burmot is also required to test the ability of Portuguese industry to contribute to the national nuclear power programme and help local companies to supply equipment to the right standards.

Portuguese authorities hope to make rapid progress from their current knowledge of hydro-power units thanks to the experience of Burns and Roe on the U.S. market and the close acquaintance with the European market earned by Motor-Columbus.

As one of the EFTA countries, Portugal could be expected to draw a considerable amount of equipment from Britain. But her neighbour, Spain, has consistently adopted U.S. technology, apart from a large natural uranium reactor developed jointly with France.

It seems unavoidable that in view of the backgrounds of the consultants, only those companies which can offer proven designs and are prepared to hand over a considerable amount of fabrication to local industries are likely to have a chance of success. Nevertheless, because of the regular orders which the company's expansion requires, it would be well worth while for coils are brought vertically in

line in layers one above the other. Insulation is inserted between the folds and the assembly is then bonded and profiled by cutting away the excess material from the corners and the centre.

The unit produced in this way can be mounted directly on printed circuit boards or integrally with them, providing a device with high resistance to humidity as well as shock or vibration.

Major advantages are claimed for repeatability and accuracy and the total number of turns and tapping positions can be controlled to within a few degrees instead of the normal turn or half-turn. Seven sizes are available in the range 9mm to 50mm diameter.

Variations between samples of both inductance and self-capacitance are greatly reduced.

The technique, developed specifically to meet military requirements, has resulted in a new standard of accuracy which must be welcome in commercial applications. The company is at Vicarage Lane, Ilford, Essex.

• ELECTRONICS

Coils made without winding

INGENIOUS modification of a not too satisfactory process has enabled Plessey Windings to perfect and patent a technique for the manufacture of printed inductive coils of very high thermal and mechanical stability. A special advantage of the method is the high inductance levels attained which are of the order of 100 times better than those achieved with other printing systems.

Hitherto, coil etching has resulted in rather crude devices with poor performance. But improvements in etching techniques have allowed developers to produce fine lines and spaces.

In the Plessey work the lines are seven thousandths of an inch across and the spacing between is the same. At the same time, they are possible to produce economically.

The process, now perfected, involves the etching of interconnected coils on each side of a strip of copper-covered polyester and then folding the strip, concertina style, so that all the

receivers and miniature transmitter-receivers where small battery size is important.

Under typical operating conditions the circuit normally takes a current of 2.5 mA when quiescent, but a "squell" facility can reduce this to merely 400 micro amps.

The high frequency response of the TBA915 can be adjusted by means of capacitance in the feedback path.

Even if all information released now, there is going to be a rush job in re-programming



• COMPUTERS

VAT bottleneck

CONCERN at delay in the release of information on tax rates and the degree of accuracy required in calculations on VAT from Government sources is mounting in the data processing industry among computer operators and in the bureau and software worlds.

Business Equipment Trade Association has now disclosed that it has been pressing for prompt disclosure of details.

It has warned that the authorities responsible that unless the British version of VAT is going to be far simpler than that of its prospective Common Market partners, business will be faced with heavy expense in the new accounting system during the early stages.

Under typical operating conditions the circuit normally takes a current of 2.5 mA when quiescent, but a "squell" facility can reduce this to merely 400 micro amps.

Even if all information released now, there is going to be a rush job in re-programming

or replacing computing and accounting equipment at present in use.

There is likely to be a bottleneck in the demand for the services of the software houses and the computer bureaux just as there was in the case of decimalisation.

Richard Harrington, director-general of BETTA, has said of the situation that industry had five years warning of the introduction of decimal currency and at least three years warning of all the details needed for accounting equipment and cash registers to be replaced or modified. In many ways the introduction of VAT was more complex than decimalisation, but if legislation were delayed till the 1972 Finance Bill next spring and the tax was still expected to become operative in 1973, industry would have a scant 12 months warning, or even less, of the details without which planning could not even start.

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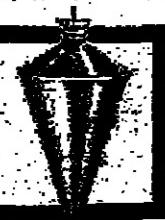
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Building and Civil Engineering

A touch of Venice

ONE of the features of the 261-facade on the main ground floor bedroom hotel being built at Stratford-upon-Avon for Lex will be air-conditioned services Group at a cost of £2m.

A conference hall, private dining rooms, restaurants, shops from the River Avon past the hotel bars, are to be provided as well as a cocktail bar overlooking the Avon. Expected to be open during March 1973, the hotel was designed by Sidney Kaye, Eric Firman and Partners. The consulting and co-ordinating engineers are Trocill Cementation Engineering.

The possibility of a ferry service to take hotel guests directly to the theatre by way of canal is under consideration. The consulting and co-ordinating engineers are Trocill Cementation Engineering.

Landscaping, designed by Jellico and Coleridge, is also included in Cementation Building's contract with brick cladding and a feature of local stone contract.

Overlooking the sea

WO housing contracts with a combined value of £234,000 have been awarded to Holland Hannen & Cubitts (North West), involving the use of the Lowton Cubitt method of building. Larger of the two, calls for 131 houses at Culwya Lane, Old Colwyn, for the Borough of Colwyn Bay.

Cubitts will begin work on the £621,000 project this month. The houses will occupy a hilltop site overlooking the sea and the estate will contain mainly five-person houses.

A start is also to be made this month on 94 Lowton Cubitt flats at Alexandra Mount, Litherland, Lancs, representing the fourth phase of a development for Litherland Urban District Council. The buildings will be two- and three-storey high. About 600 Lowton Cubitt dwellings have been built for Litherland and the new contract brings the total value of this work for the council to more than £2m.

Factory for small tools

AT Wielderspool Causeway in Warrington, Lancs, a 50,000-square-foot factory for the manufacture of engineers' and precision files by Peter Stubs is being built by Gilbert Ash.

A two-storey office block of 10,000 square feet is also to be put up on the same site to accommodate the administrative departments of two other companies in the James Neill Holdings group. The project also includes a single-storey building to house a welding school, lecture room and canteen.

The factory which replaces the newspaper.

IN BRIEF

• PART of a redeveloped scheme on an existing building shell situated between Liscard Road and Cherry Square, Wallasey, includes construction of all internal partitions, decorations to walls, floors and ceilings, plumbing, heating, ventilation and electrical services.

The work for Littlewoods Mail Order Stores, is to be completed in five months, and the £185,000 contract has been awarded to Sir Alfred McAlpine and Sons.

existing premises in Scotland Road in the centre of the town, is scheduled to be finished by next September, at a total cost of £450,000. Architects are Harry S. Fairhurst and Son.

Two jobs in Australia

TWO contracts together worth £2.1m. for projects in Sydney

just received by Costain (Australia) Pty. include a nine-storey office building for Macquarie Properties Pty.

Designed by Peddie Thorp and Partners with Ove Arup and Partners as consulting engineers, the office block is located in Sussex Street, Sydney. Work has just begun for completion in 53 weeks.

At Castle Hill, Sydney, the company is to build a five-storey residential block for Church of England Retirement Villages. The £500,000 building designed by architects Noel Bell-Ridley Smith also with Ove Arup as consulting engineers, is to be finished within a year.

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To enable it to assess more accurately the financial response to its various fund raising efforts, Shelter, the national campaign for the homeless, is now using Water Computer Services.

Shelter constantly needs to analyse the response from different sections of the public to its appeals in order to obtain the best results from its expenditure. Of the four services examined Water's was considered the best overall package at the lowest cost.

The service will enable the charity to analyse general income resulting from intensive area publicity; distribution systems for Christmas cards; recording of local housing associations costs and rent structures.

In the past Shelter was only using computers as giant addressing machines, but now it's flexible system controls its 80,000 mailing list for the Shelter newsletter.

The service which replaces the newspaper.

IN BRIEF

• FINAL stage of the £8m. Meridian Centre scheme in Leeds for Town Centre Securities, is due to be completed in 1972 by John Mowlem and Co. under a contract worth £2.25m. A 10-storey air-conditioned office block of 150,000 square feet floor area, a 45,000 square feet department store with ground level car park, 18 shops and two public houses are to be built.

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MONDAY NOVEMBER 15 1971

Company tax reform

THE Conservative Opposition question remains to be made it plain in the debate on the 1965 Finance Bill that it was unhappy with the form of corporation tax introduced by the Labour Government, and in the Budget speech this year the Chancellor announced his intention of removing the discrimination against distributed profits. A Green Paper was issued to provoke discussion which described the various ways in which this objective could be achieved and the different advantages and disadvantages the Government saw in them. Since then there has been a great deal of consultation between the interested parties. The Inland Revenue has been able to discuss the alternatives not only with representatives of different sections of industry and with tax experts at home but with officials abroad. At the same time, a Select Committee of the House of Commons has been taking evidence and its report is soon to be published. This procedure stands in marked and welcome contrast with the instant tax reforms introduced by Labour.

Complex issues
But the issues involved are complex. There are two principal ways in which the tax structure can be made neutral as between retained and distributed profits. Under the first system, which Germany has used until now, distributed profits are liable to corporation tax at a lower rate than retained profits; under the second system, which France uses, all profits are charged corporation tax at the same rate but part of the tax on distributed profits becomes available as a credit against the tax liability of the individual shareholder. On purely domestic grounds, the first system is probably preferable—it has, for example, definite administrative advantages—and the Green Paper was inclined to favour it.

But there are international considerations to be taken into account as well. First, there is the position of U.K. companies which earn a high proportion of their income abroad: the Green Paper suggests that the amount of relief they were allowed for foreign tax could be the same under either system, but the national tax problems.

Anglo-French friendship

IN psychological terms, the visit to France in May was a success and the significance of communication between London and Paris was minimal, but now M. Maurice Schumann, the French Foreign Minister, is un-started in earnest, the two sides are discovering that their prodigal in their expressions of ideas on many major issues satisfaction at the success of M. Schumann's talks here, and the importance attached by the two countries to the new mood of friendship was underlined by a series of departures from normal protocol: the visit ended with an Anglo-French "Declaration" (rather than the more usual "communiqué"), and it was announced that the Queen would make a second State visit to France in the spring. Measured simply in terms of outward courtesies and good intentions, M. Schumann's visit here surely represents the beginning of a new era in Anglo-French relations.

Currencies
In the European context, common policies are urgently needed, not merely between Britain and France, but also between them and other members of the European Community. The political disarray of the Six has been accentuated by the international monetary crisis and its impact on their economies and their common agricultural policy. It is evident that the relative exchange rates of the Six are far more important to them than any likely change in their rates against the dollar; it is not yet evident that they all accept this fact, or realise that their negotiating position can only be weakened if they act separately.

Hitherto the U.K. has stayed well out of the limelight on this issue, partly in the hope of minimising any upward movement in the sterling exchange rate, partly on the grounds that Britain is not yet a member of the Community and cannot interfere in the debates of the Six. Yet Britain now has a vital stake in the health of the Community and a progressively important role to play. It is in this context that the improvement in Whitehall, as well as of the opportunities for technological co-operation between London and Paris.

But on the really major foreign policy issues it remained deliberately bland and uninformative. The indications which have emerged from the British side suggest that the improvement in Whitehall, for the moment, one of caution, is important until the Heath-Pompidou sum-

Steel: a disciplined response to a world recession

In Britain steel output is down by 10 per cent so far this year, and the Steel Corporation is currently losing some £2m. a week. Abroad, the production and profits picture is similarly poor. Colin Jones reports.

THE world's steel masters have lived through recessions before. But few can recall—at least in the years since 1945—a recession that has been as intense in both duration and extent as the present one.

Whereas earlier this year most of the industry's soothsayers—including the European Commission's own forecasters at Brussels—were talking fairly confidently of recovery beginning this summer, few now expect this to happen before well into 1972, and some even doubt whether the new big upsurge in steel orders will come before 1973 or even 1974. In the meantime, output and profitability is being hit, and hit badly, in virtually every major steel-producing country of the free world, from Europe to the U.S., to Japan, and back again.

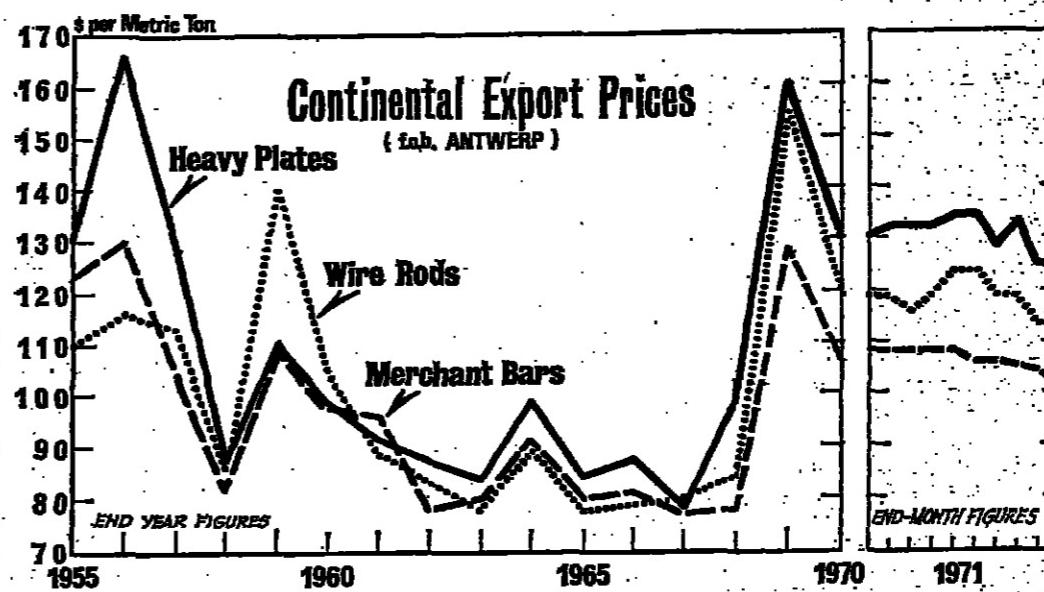
Here in Britain, for example, steel output so far this year is down by 10 per cent, and with costs still rising, the Steel Corporation is currently losing some £2m. a week. At this rate of loss, the Corporation will probably have run through its present statutory borrowing powers by about February—long before either market conditions or the CBI's prices initiative would support an increase in home trade prices.

Short-time working

In West Germany, where steel production has also fallen by 10 per cent so far this year, the situation in some respects is even worse. By the end of September the industry's order book had declined to the equivalent of only six weeks' work; and at least 22,000 of the industry's 350,000 workers are now on short-time. Herr Hans-Joachim Sender, the chairman of Klockner, was hardly exaggerating when he said recently that the situation now facing the West German steel makers was the worst they had experienced since the war.

Elsewhere on the Continent the "crisis" is perhaps not quite so acute. But the production cut-backs so far this year range from 2 per cent in the Netherlands to nearly 6 per cent in France—and a one-day strike is due to-morrow over Wendel-Sidelor's recent announcement that five of its steel works in the Lorraine are to be phased out in the next few years.

In the U.S., where only two



of the eight biggest steel producers managed to make a third quarter profit this year, the situation has been aggravated by "the-strike-that-did-not-happen."

Both home trade deliveries and imports surged ahead in the first half of the year as steel users built up their stocks in advance of the negotiations over a new three-year pay deal for steel workers. Then, when the threatened strike failed to occur, stocks were as quickly run down again. As a result, steel output fell by 20-25 per cent in September and October—or by more than 7 per cent for the year so far.

Meanwhile, across the Pacific, Broken Hill Proprietary, in Australia, has already announced a 15 per cent production cutback at one plant and is soon expected to announce similar moves at other steel works. Even Japan, long the envy of the world's steel makers with a phenomenal, and almost unbroken, record of growth, has not escaped unscathed. Indeed, the situation is perhaps the most eloquent illustration of the extent of the turnaround in the world steel market.

Already, output has declined by 7 per cent since the start of the Japanese steel makers' fiscal year in April. This is the largest decline the industry has experienced since the war. Yet it is regarded as an "inadequate" response to the present situation. Under the system of voluntary production curbs

which the Japanese steel producers have been operating, output was supposed to have been cut back by 10 per cent from November, 1970 and by 18 per cent since September this year.

As a result, the Ministry of Trade and Industry has agreed to seek the Fair Trade Commission's approval for a system of compulsory output cuts, starting probably next month. The producers, for their part, are talking of establishing a watchdog organisation to check on "illegal" production and even of reverting to their previous practice of requiring steel users to be put on idle steel plant.

Evidently, even in this kind of situation, the Japanese are disinclined to leave much to chance.

Expansion ambitions

More graphically still, perhaps, the present recession has had a dramatic impact upon the capacity expansion ambitions of Japanese steel makers. Whereas the industry had been talking of 180m. tons by 1975-76, as

against this year's 96m. tons or so, the figures now being discussed range between about 105m. tons and 120m. tons—almost exactly two years ago, and some way above the depressed levels of 1967-68.

Cost inflation, which has been

run on "sound conservative principles," wants to reserve him plenty of mobility for the money he starts to manage in January.

London the official adjustment of political and economic relations with the Rhodesian régime."

Well, perhaps at least one of the Russians knows something we don't.

Too quick off the grid?
A weekend report that Aston Martin and British Racing Motors would co-operate to build a new super sports car was intriguing. Such a match would bring together two of the sportiest names in British motoring. It would also link two vast private industrial empires, both of which are on comparatively hard times at the moment. BRM, formed to revive British Grand Prix racing fortunes after the war, has, since 1952, been owned by Rubery Owen, one of the largest privately-owned companies in Britain, run until his retirement in July by Sir Alfred Owen and now by his two sons, Mr. David and Mr. John Owen. Aston Martin is owned by the David Brown Corporation. Also in July, it emerged that Sir David Brown had relinquished his executive role in the company (one of whose major problems is Aston Martin with a loss of more than £1m. last year) at the request of the company's bankers, though he remains as chairman. The thought of these two private giants roaring out of trouble in a 200 m.p.h. sports car is appealing.

According to a commentary broadcast in English to Africa, an agreement between London and Salisbury has existed all the time and UDI was only a trick invented by London to prevent Rhodesia's genuine independence. British indignation was just a sham. But the Moscow-based correspondent's telephone report saying that far from any prearranged agreement, Douglas-Hamilton flew to Salisbury cap-in-hand. Then, an hour later, came a commentary by Vsevolod Shishkovsky which took the opposing view that Mr. Ian Smith "is bending over backwards to make easier for

nature of the present situation. This is not the first time that steel usage across the world has been hit by a slowdown in the growth of world trade and production and by a decline in the demand for investment goods. Nor is it the first time that the commissioning of new steel-making plant has coincided with a recession in steel consumption."

Indeed, in many respects this year's crop of new plants is more manageable than most. Much of it is located in France and West Germany; and the additional capacity due to be commissioned in Japan this year is a mere 1m. tons.

Nor, for that matter, is it the first time that the three-year cycle of wage negotiations in the U.S. steel industry has been concluded without a strike. In one very important particular, too, the present recession is having an encouragingly different impact from most previous ones.

For once, steel producers have been letting output rates, rather than prices, take most of the pressure. Even now Continental export quotations, those sensitive bell-wethers of the world steel market, have come back only about a fifth to a quarter from their peak boom levels of 1968.

This depressing catalogue of course, can of course, easily give an exaggerated impression of the course. But the more decisive

Belgium, Luxembourg, the Netherlands and Italy. There have even been some important mergers in the Japanese and U.S. steel industries.

This is perhaps just as well, for the one entirely new factor in the situation, since August this year, has been President Nixon's economic package. The 10 per cent surcharge on U.S. imports both of steel and of steel-based goods, coupled with the tax discrimination against imported capital equipment, should serve as a powerful boost for the U.S. steel industry—although these benefits are unlikely to be felt until the steel stock situation has been fully unwound in early 1972. By the same token, the impact of these measures could be calamitous for the rest of the world steel industry.

The U.S. market, after all, had been taking almost a quarter of total world export (excluding steel shipped between EEC members). If Japanese and EEC steel producers it represented a fifth of their total overseas market— even for British steel! accounted for a fifth of the total tonnage of direct steel exports. Either way, from the import surcharge itself or the currency revaluation of Nixon's package was designed to precipitate, the Japanese and West German steel producers stand to lose.

Pressures and fears

The extra pressures and fears all this has generated could easily damage if they result in a wholesale diversion of Japanese steel towards West Germany.

Since the fastest-growing and most easily penetrated markets, Japanese steel has been generally those of other Europe. The odds are against this happening, for all the Japanese industry's "vicious spiral" of rising imports and lower home trade renew its voluntary restrictions all over Europe. The odds are against this happening, for all the Japanese industry's "vicious spiral" of rising imports and lower home trade renew its voluntary restrictions all over Europe.

The reduction in Japanese capacity expansion plans is also an encouraging sign.

The creation of one dominant company in Britain may have been the result of nationalisation. But there has been almost as dramatic a degree of concentration on the Continent in recent years, resulting in virtually only four steel-making groups in West Germany, two like remaining hard to win in some considerable time yet.

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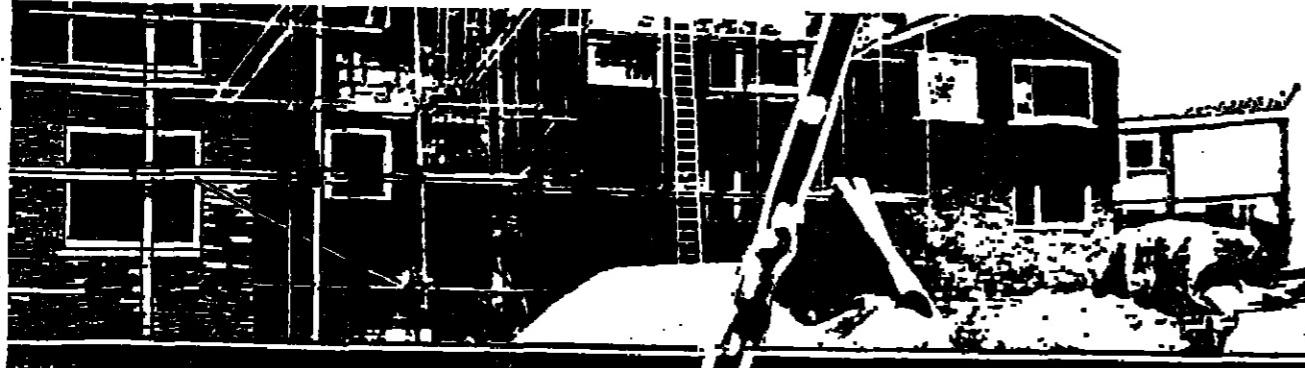
Missing out

Another barrier has fallen under the onslaught of the Women's Liberation Movement. Women's Wear Daily, the chronicler of the vagaries of both social and sartorial fashions in the U.S., has ceased referring to women as either Mrs. or Miss in its pages. Instead, it now refers to all females as plain Ms. It has also stopped gracing men—including the President—with the title of Mr.

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BUILDING

Mood of optimism pervades the industry

By MARTIN ROUTH

A MOOD of optimism is slowly taking hold on the construction industry which, after three years of depressed activity, now appears to be currently enjoying a most welcome upswing next year.

The total value of work carried out by contractors and was almost 10 per cent higher than for the corresponding period last year. Indeed, the number of private houses started in September was the second highest ever recorded in one month.

The figure for new private sector house building orders for the first six months of the year was 10 per cent higher than for the corresponding period last year. Indeed, the number of private houses started in September was the second highest ever recorded in one month.

Land shortage

However, grave concern exists between repair and as to whether this recovery can continue and work done by the anticipated crucial shortage while the real GDP rose by 7 per cent in 1970, the construction industry suffered a 2 per cent setback in total output at constant prices compared to the year before.

As for this year, there seems to be only a slight hope of improvement. The National Economic Development Committee for Building and Civil Engineering expects the figure to be virtually unchanged. On the other hand, a state of trade inquiry conducted by the National Federation of Building Trades Employers last month showed that 45 per cent of members thought they would do more work this year than last.

But a boost may follow the increases in the Government's housing cost yardstick of up to 11 per cent announced last month by Mr. Julian Amery, Minister for Housing and Construction during the first half of this year.

Confidence in the future, however, is endorsed by the Building Finance Corporation, which placed with contractors during the first half of this year, which stood some 25 per cent higher at constant potential for house building is



Corner of an extensive housing development in Amiens which was British designed and built of British brick.

evident from the fact that an additional 180,000 homes are needed in London alone and local authorities are acutely aware of the older housing stock problems to receive slums still exist and a further 2m. homes do not yet have such essentials as bathrooms and indoor sanitation. It is stressed in the White Paper "Fair Deal for Housing" published in July.

The Government's main reforms proposed in the Housing Finance Bill, which had its first reading earlier this month, are expected to save up to £250m. of

public money a year by 1976. This Bill is expected to enable additional 180,000 homes to be built in London and local authorities to contribute to a significant step up in private non-industrial output is

manufacturing industry.

Nearly 2m. more resources to clear slums still exist and a further 2m. homes do not yet have such essentials as bathrooms and indoor sanitation. It is stressed in the White Paper "Fair Deal for Housing" published in July.

Looking now at other sectors of the construction industry, output of private industrial work is

expected to be at least 4 per cent down this year. This expectation is based on a Department of Trade and Industry survey into investment intentions which showed a fall of 6.8 per cent in the capital expenditure of the older housing stock.

One area to have contributed to a significant step up in private non-industrial output is hotel building. This has been as a result of the Government's grants offered under the Development of Tourism Act.

Hotel building

This appears to be borne out by the figures for floor area approved by industrial development certificates. For the second quarter of this year these came to only 14.9m. square feet

against 23.7m. square feet for the corresponding period last year.

a 4.5 per cent growth in this continual drift away to other areas. School building has been occupations. What may be another active area with new rising, however, particularly in view of the increasing shortage of skilled labour in the South East, is the 7,000 unfilled vacancies that existed in July

for craftsmen registered with the Department of Employment.

The bankruptcies that occur among contractors from time to time highlight the overall lack of profitability experienced. On the issue of fixed price tenders the workforce, equal to some 6 per cent of the country's employees, has fallen from 1.6m. to 1.3m. These figures reveal more than rationalisation; they point to higher productivity.

To some extent this is attributable to the fact that factory-made components are being increasingly used. The share of overall costs of buildings absorbed by engineering services, for example, is continually rising as user standards improve.

As these services, covering such things as lifts, air-conditioning, heating and lighting, become more sophisticated, they comprise more manufactured components, and it is this that contributes to greater productivity for the industry as a whole.

But they also serve to demonstrate the extent to which this industry is still fragmented, and may account to some degree for its rather poor record so far as overall efficiency is concerned.

Another major area of concern to contractors is the possible effect on them of the value added tax proposed for 1973. They are particularly worried that direct labour building departments of local authorities should not be treated in such a way that private builders are left at a disadvantage.

Any forecast of the construction industry's prospects for more than a year or two ahead is impossible as its fortunes are so closely aligned to those of the economy in general. While an upsurge is confidently predicted in some quarters, partic-

ularly in the short term, the industry are hesitant in their predictions.

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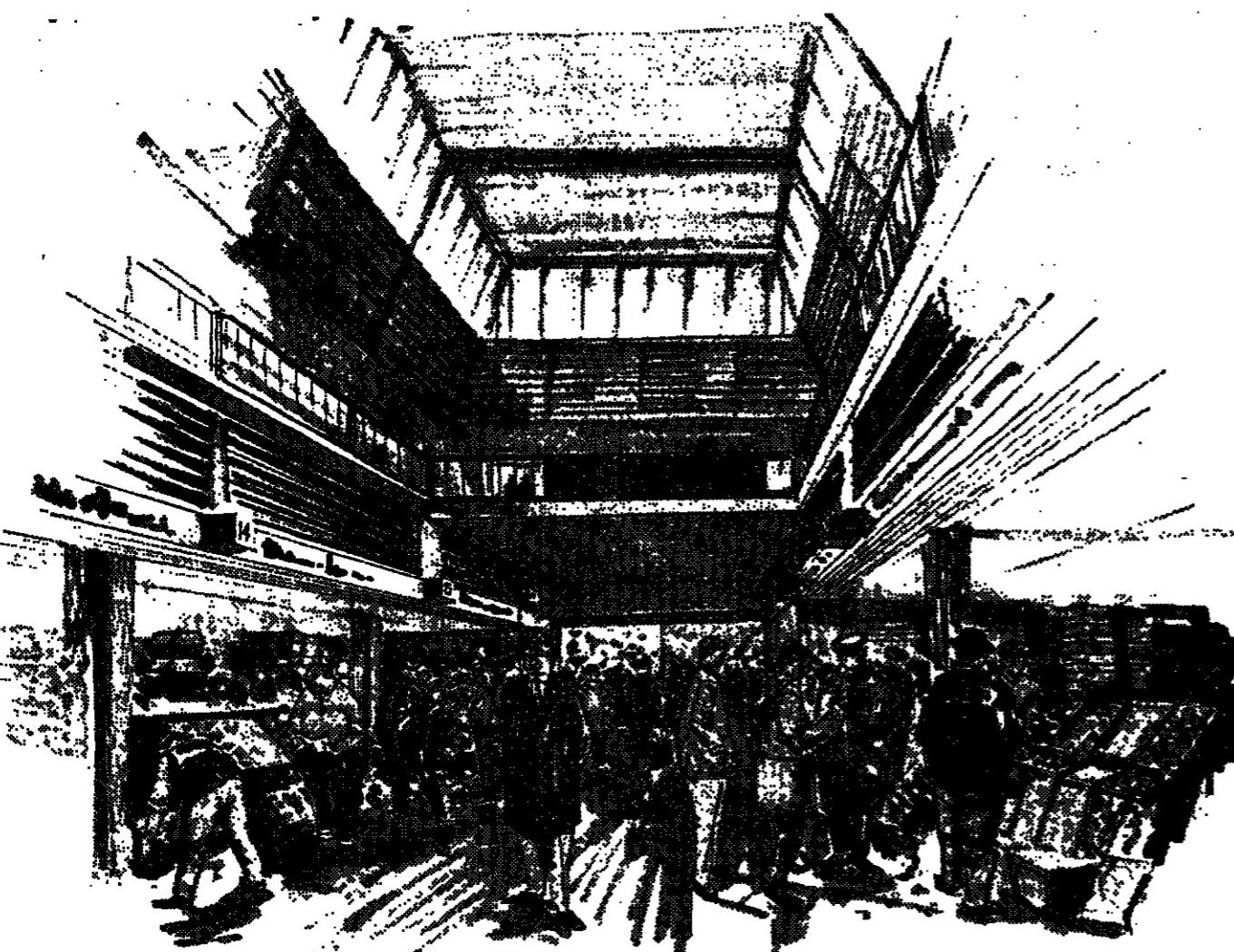
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But the brick house would not blow down**
(THE THREE LITTLE PIGS)

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You can learn more about this and the many other aspects of current brick research on Stand 104 & 197, Grand Hall, The International Building Exhibition, November 18-27, Olympia, London



BUILDING II

Changing pattern in housing demands

By STANLEY MORTON, Chairman, National House-Builders Registration Council

It is always difficult to predict ing provision for the needy but whereas renting means paying for the future in housing. At I doubt very much if there are over 5m families in this category. In the beginning of the 1960's expert opinion was agreed that 300,000 houses a year was about all that would be needed.

In fact average annual output in the 1960's in the U.K. at 380,000 started or 362,000 completed a year has far exceeded this figure. In many areas the shortage of homes has been turned into a surplus. Taking Great Britain as a whole in December 1970 there were 408,000 more dwellings than households. In those circumstances some might expect that the market might now stagnate. Yet, as we all know, the demand for private housing, especially, has never been more buoyant: all the signs suggest that starts will this year be in the region of 200,000 in the private sector while the public sector starts may be about 150,000.

How long will the boom last? We commissioned Professor Parry Lewis to give us a review of the various housing forecasts. The table shows what the experts predict:

My personal belief is that in the next 10 years the emphasis should be and probably will be, more and more on the private sector. Already we have over 5m council houses, far more publicly owned houses than in any other democratic country. Already 150,000 of these council houses become vacant each year because of deaths and because of other people moving out to buy their own homes. This tendency will, I believe, increase and I think it very probable that by the mid 1970s there will be over 200,000 council houses falling vacant each year.

Low incomes

Even if not another council house were now built, there will be many places where it will be difficult for local authorities to find tenants at fair rents. Those who will want to move into council houses will be percentage of the real cost of those with low incomes who will benefit from the rent rebate than rents. This is natural proper. There should be hous-

ing programme is to rent privately at an economic level. Rent is likely to remain small. Because rented property has to be maintained and management charges have to be met, the annual cost of renting is almost as great as that of buying even if the renter were given similar tax advantages. In December 1970, 14.9 per cent of all dwellings were privately rented and this percentage is falling rapidly each year. If we are realistic I think we must expect this decline to continue.

I do not think that anyone could express better the direction in which our housing policies should move in our cities as well as in the suburbs. Owner-occupation has every attraction. It is what most people want. It promotes saving. It gives the individual a stake in society. It encourages him to do his own maintenance. It helps the Exchequer because the individual is willing to pay a bigger percentage of the real cost of his housing if he owns rather than rents. This is natural proper. There should be hous-

ing looks as though home ownership could be between 55 and 60 per cent, with council housing 25 to 30 per cent and with other forms of private renting housing societies and tied houses perhaps 10 to 15 per cent.

What are the likely trends for standards? In the 1960s we have seen improvements in the layout of estates and in the opening ceremonies. But then there will be a technological revolution? I do not believe so. I have lived through too many "House built in 10 hours" and "£1,000 house" events.

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What

BUILDING III

Industry unlikely to increase demand

HAROLD BOLTER, Industrial Correspondent

New industries in the U.K. in Britain, the overwhelming Midlands have been complaining those areas. It would be unrealistic to expect any changes in direction.

Over the next 12 months, must cut back expenditure next the region from maintaining the diversified industrial structure. IDC policy would not lead to with new industries consistently a dramatic revival of construction activity in itself. The best that can be said is that it would help to create the sort of atmosphere in which companies begin to think in terms of expansion—and that, as the Government has found despite an expansion Budget and subsequent measures, is difficult to achieve.

This is reflected in the latest replacing old, which has been certified its traditional strength. Unemployment figures showing the number of people out of work which show that the number of in the region tend to support IDC's granted for projects of this contention.

The CBI survey suggested the only industries where companies, on balance, had authorised more spending on buildings were those in various metals manufacture and operating in the field categorised as "other vehicles."

The optimism shown within previous metals manufacture is a reflection of British Steel Corporation's massive investment programme, which includes provision for construction.

Vehicles producers

is more difficult to identify which of the vehicle producers stepping up their spending. The category includes motor-cycles, three-wheel vehicles, aircraft, locomotives, railway carriages and preceding 12 months.

These are disturbing figures and, naturally enough, the IDC sectors are thinking of policy will come under renewed easing expansion. There will only marginal growth any-

within the rest of the industry, which is designed to promote taking part in the CBI in development and inter-

responsibility for a large area of manufacturing activity.

Birmingham and the West

High unemployment

Another critic is the Royal Town Planning Institute, which

maintains that it is a naive assumption to believe that if economic growth is stoked in one area it will blossom in some other part of the country. The Institute argues that areas of unemployment can only really be rejuvenated by implants from areas with surplus jobs. This, in turn, means that the stronger regions must be kept fertilised with new growth so that there is something to live off. Whether the operation of a strict IDC policy prevents new economic growth from taking place it becomes a self-destructive policy, the Institute maintains, leading to economic distortion and discouraging mobility of labour.

Unfortunately, although there is much in this line of argument, the Government is not likely to be persuaded to move away from £100m. less than the total for

a policy of persuading industries into the less-developed areas at activity can be expected over

a time of high unemployment in the near 12 months.

There is nothing in the statistics to suggest that confidence is returning.

Returns on the value of new orders obtained by contractors for private sector industrial

work suggest that this business is running at an annual rate of

some £470m. in 1971, almost

£100m. less than the total for

1970. No real resurgence of

activity can be expected over

the next 12 months.

System building becomes part of everyday life

JOHN M. GILLHAM,

Chairman, System Builders' Section, National Federation of Building Trades Employers

Building costs in Britain have rocketing at the rate of circumstances: the average successful but, alas, the lessons players had important discussions with the Department of Labour, which have led over the past ten years. Just basic wage rates and increases, but increased pay-scales in respect of unemployment, sickness and pension benefits; holidays with pay, and redundancy payments, coupled a full "guaranteed week" in the event of inclement weather. Increased labour costs, of course, not only apply to construction labour but also to labour manufacturing key materials such as cement, bricks, steel reinforcement, which are key ingredients for any building. It stands to reason that form of construction, call it "system," "industrialised" or "ponent" building, which save on site labour and reduction time must become increasingly more competitive with traditional methods of construction. There are many leading people in British building industry who argue, in my submission rightly, that perhaps one should drop the name "system" or "industrialised" building, as it was something special and unusual. On the contrary, use of factory precision dimensionally co-ordinated components, erected by highly trained groups of men, aided by sophisticated machinery, to construct programmes carefully planned and speedily executed, coming part of everyday life rather than the rule rather than the exception. The industrialised building has had fortunes in Britain over last 25 years since the end of World War II.

In the housing field, the aim to build 40 per cent of authority housing (around £10 per annum) using industrialised methods, but, also, through the fault of the Simms CDA. On the hospitals side, some years, the best year being six contractors were invited seven years ago, to carry out, completed using industrialised building techniques, hospital projects, using their own system.

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Much work is also being done in the rationalisation of common performance standards for mechanical and electrical services in schools, which after all, form an important sizeable element of the total cost of a school.

Recently, the System Builders Section of the National Federa-

A new home for the Archers. With colour television and a symphony orchestra.

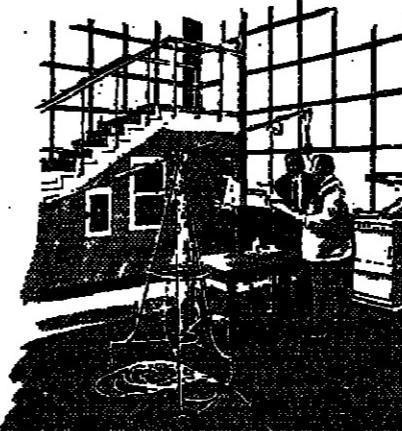


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from Drama Studio 3, are quite unaware of the City of Birmingham Symphony Orchestra, rehearsing next door in Studio 1. Here is the home of the Midlands Light Orchestra, and here also in Studio 2, is a specialised centre for pop.

In the other wing, two television studios mount national and regional colour productions. This is also the source of some Welsh television programmes and of 'Owen M.D.'

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The BBC Birmingham Network Production Centre.

acoustic treatments. These are just some of the special requirements of this remarkable building. All set in an outer shell of glass, aluminium, profiled concrete with exposed aggregate, marble and mosaics.

Taylor Woodrow Construction (Midlands) Limited were on the site from the first trial borehole to the last acoustic box.

That's the kind of co-operation which puts a project ahead of schedule. Six months ahead of the final date, in this case.

Architects: The John Madin Design Group in association with Mr. R. A. Brown, M.I.C.E., Head of the BBC's Architectural and Civil Engineering Department.
Quantity Surveyors: Messrs. Ainsley, Consultant Structural Engineers: Roy Bolsover and Associates.
Main Contractors: Taylor Woodrow Construction (Midlands) Ltd.

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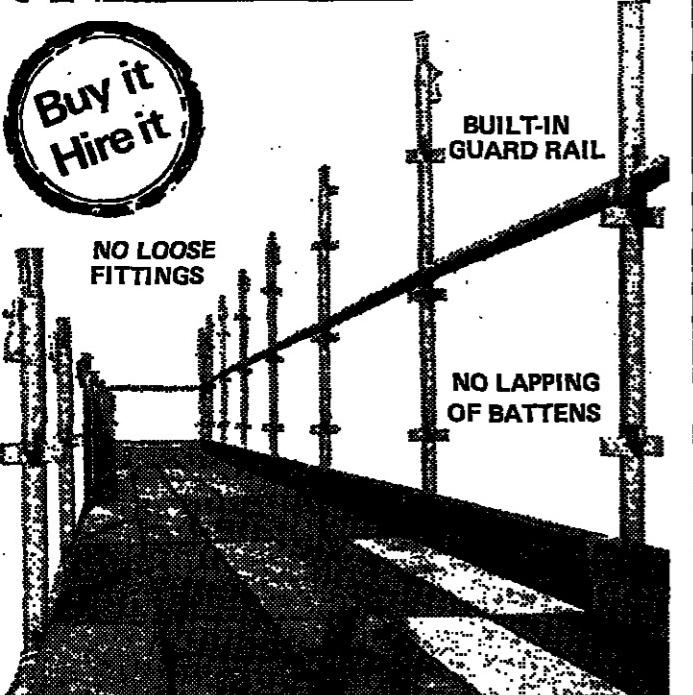
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BUILDING IV

Healthy prospects for big firms

By BARRY RILEY

It has been a quiet year for mergers in the construction as much as its £2.90m. in the industry. Although there has been a trifle of medium-sized deals in the building and building materials sectors — like Pilkington's £2.8m. bid for Thomas Tilling's £2.8m. interest in Mixed Concrete's £3.8m. purchase of Berk's interest in St. Albans Sand and Gravel — the big take-overs have been missing.

One reason is possibly the uncertain trend of the industry earlier in the year; the direction of profits was doubtful, and share prices were generally not high enough to provide the right springboard for bids and deals.

Good weather has been important for roadbuilders, and this sector has also been the beneficiary of an active phase in the trunk road programme as work has continued fast towards the target of the first 1,000 miles of motorways. Those in the right places have done well: among the civil engineers W. and C. French, for example, while among the suppliers of aggregates Amey Group raised profits from £0.48m. to £1.19m. before tax in the first half.

So much for the bull points. There have, needless to say, been some important factors working the other way, and of these perhaps the most widespread — cropping up in practically every major company statement — has been the problem of the "Bison" group which rose to double its stake in the booming U.K. estate development sector.

Viewed from the stock market, this has been a year of substantial recovery. By the beginning of this month the FT-Aucturaries indices for Contracting and Building Materials were both showing gains of some 60 per cent compared with the end of 1970, a performance about twice as good as that of the all-share index.

In fact experience in the industry has been patchy, but the overall picture has been influenced by several powerful factors. To start with the tremendous upsurge in the private housing market, contrasting with the period of considerable depression which came before, has had widespread repercussions on the building materials suppliers. The leap in hotel construction has played a part too. Demand for everything from bricks on the one hand to central heating boilers on the other has roared ahead. In the first half of the year deliveries by London Brick increased by as much as a fifth, and profits before tax were £3.03m. against £3.66m. in the whole of 1970. In its third quarter, May-July, Marley

came out with agreed terms worth £8.6m. for Page-Johnson Builders, reckoning roughly to double its stake in the booming U.K. estate development sector.

Overshadowing any debate on accident prevention in the construction industry—or indeed any other industry—at the present time is the Robens Committee on Safety and Health at Work. A considerable volume of evidence has now been placed before the committee, and although the publication date for the report is not yet known, its findings are eagerly awaited by those directly involved in accident prevention.

One authority in the construction industry said that the inquiry represented the best opportunity in 100 years to influence legislation.

Several employers' organisa-

tions are involved in what is loosely known as the construction industry. They include the Courts.

Statistics present another source of irritation, particularly to the construction industry (which is frequently shown up in asphalt, and oil and in a bad light), but also to chemical plant contractors, and they have submitted written evidence jointly.

Although that evidence has not been made public, one can make a fairly accurate guess at the points which the industry's employers would want to get over. For example, although construction is grouped with manufacturing under the jurisdiction of the Factories Acts, it is strongly felt by many that the conditions are entirely different. Accident prevention on a building site is complicated by the fact that the physical shape of the site and the work being done change from day to day; weather conditions can have an important bearing on safety, and the number of subcontractors can make overall supervision difficult. It is not suggested that there should be no legislation governing working conditions in the construction industry, but the official view of the employers' associations is that the present law is too cumbersome and difficult to interpret. A separate Act and Regulations are required for construction, it is argued, and these should be backed up by an industry-devised Code of Conduct, rigorous training programmes, and a greater reliance on the common law responsibility of the individual.

Accident record

How much sympathy the Robens Committee will have for this point of view is difficult to assess. In spite of much good work done by individual companies, the industry's accident prevention record as a whole compares badly with that of manufacturing industry—largely because of the difficult working conditions referred to earlier. If it can be shown that existing legislation is positively hindering efforts to improve the industry's performance, then the case might be accepted. But the sole criterion must be to devise the most effective legal framework for minimising accidents. Against that, a feeling of being hemmed in by too many petty regulations is a small price to pay if it genuinely means fewer employees being injured.

The industry is also critical of the present system of assessing blame for an accident when it comes to the allocation of compensation. This has the effect of making more difficult any investigation into the cause of an accident, because management and employees withhold information in an attempt to safeguard their own interests. Although anything which divides management and employees on accident prevention is a major question, whether the problem is so important that

the second interesting development is the provision of four mobile units by the NFBTE which can visit building sites and are equipped to give film shows and lectures to 24 people at a time. Thirteen different subjects are covered in the programme of lectures offered.

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BUILDING VI

Materials suppliers optimistic

By RICHARD HERMON, Director, National Council of Building Material Producers and the Building Materials Export Group

Materials, components and fittings—materials for short-represent nearly half the cost of construction works in which they are incorporated. Building material producers are thus currently supplying goods to the value of over £2,000m. to the home construction market, together with over £200m. in direct exports. A wide and diverse range of industries is involved, represented by a considerable number of trade associations and federations, the great majority of which are brought together in matters concerning their collective interests, and representation of these interests, in the National Council of Building Material Producers (BMP), founded in 1942.

The industries producing building materials are generally capital intensive—in many the annual turnover is less than

or about equals the capital in 1972, to return, for new statistics because of the omission of such work which is without inordinate cost. The arithmetic for 1970 over 1969, is 8.4 per cent. For EDCs, and more particularly the figure was 10 per cent. For organisations of industrial firms Construction Materials Group at July 1971 (the latest figure available at writing) over July 1970 it was 10 per cent. Both by do-it-yourself. It has been estimated that if the value of such work were included, a continued growth to 1978, in real terms, but at rather less than a third of the consequent total output. Pre-dominantly the materials for it are supplied through merchants and retailers. Minor new works, and minor works of improvement, are normally included in this sector, which is undoubtedly receiving a fillip from the Government's encouragement of house

Repair market

The repair and maintenance market is an important one for material producers—one which is understated in official

Revival in brick construction

By J. H. MILSTED, Chairman, Management Committee, Brick Development Association

At the beginning of the 1960s it seemed to some specifiers at least that the use of brickwork as a structural medium was possibly on the way out. Unpopular with the more avant-garde designers, it also had to contend with Government pressure for the use of newer systems which seemed to pronounce it an uneconomical and thoroughly inadequate way of putting up a wall. Yet a few years later it is possible to write in terms of a revival in brick construction.

An important factor in this reversal of the earlier trend is undoubtedly the disenchantment of many designers with the other materials and forms of construction which have proved neither quicker nor cheaper than brickwork and which deteriorate at a wholly unanticipated speed.

A sufficient time has now elapsed for the true cost of maintenance and the serious structural problems inherent in industrialised building to be assessed by local authorities all over the country.

These professional misgivings are reflected in the growing and increasingly articulate public concern with the quality of the environment being created in this country. Not a little of the criticism is directed at the use of harsh and unsympathetic materials in wholly inappropriate situations—especially in housing areas. In these circumstances, it is not altogether surprising that the outstanding economic, functional and aesthetic properties of brickwork are being re-assessed at something approaching their true value.

Research programme

But a further and important set of reasons for the turnaround in architectural and constructional trends is to be found in the recent history of the brick producing industry itself. When its markets came under competitive pressure, the brick industry was able to bring into train the positive developments which had resulted from its research programme to meet the challenge to its traditional supremacy over all other forms of construction. At company level this manifested itself in the evolution of larger and more efficient production units and the widespread adoption of modern management, manufacturing and marketing techniques. On the collective front, firms representing the bulk of the production of the industry reshaped the existing Brick Development Association to promote the common weal more effectively—not least in the important spheres of communications with the building industry and research and development.

This latter activity has exerted a significant influence in the revival of brick construction. Despite its somewhat stain and traditional image, the brick industry had been investing considerable sums in research and development long before its markets came under attack. Fortunately, this started to pay off just when the onslaught was gaining momentum. The early sixties witnessed a major technical breakthrough when the functional and economic efficiency of multi-storey loadbearing brick structures was established beyond doubt. Traditionally, the higher you went with load-bearing brickwork, the thicker—and more expensive—the walls had to be. Research showed that with high-strength bricks, sensible planning and design it was possible to build 16, 17 and more storeys sale among French houses high with walls no thicker than 150mm. Provided transpor-

tation costs can be kept within reasonable bounds, there seems every reason to believe that this example will be followed elsewhere in Europe. Many British bricks are greatly superior in functional and aesthetic properties to most of their continental counterparts, and there is strong evidence to suggest that our brick industry is about ten years ahead of its European colleagues in research, production and marketing techniques. Nor should such an invasion of prestige" and fashion can play a part. By and large, if we enter the Common Market, our building materials industry should, on margin and with but a few possible exceptions, benefit from a removal of tariffs and a greatly enlarged "home" market despite the U.K. market being more open to Continental competitors. Benefit, too, should lie in a greater demand for construction work in the U.K. for new transport facilities, factories, and so on. Many firms, of course, already own or participate in overseas producing companies, to overcome costs of transport, where British expertise and know-how can be exploited, and to meet differing article in stimulating a general increase in the demand for bricks.

But—to return to the state of the game in this country—all the indications are that brickwork has not only re-asserted itself as by far the best structural medium for our climatic conditions, but is also in "material with some of the most progressive designers for external walls, internal walls and pavements. The built environment can only be the better for it.

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BUILDING IX

Wide scope in research

by J. B. DICK, Director, Building Research Station.

The Building Research longer type of special investigation at Garston, Herts, centre for research for the construction industry, is celebrating its 50th today this year. To-day, with 10 projects on its £2m a year research programme and a staff of 800, the station represents a contrast to its stark beginnings in 1921. Then work ran with a staff of less than dozen, research work was used in disused army hutting. East Acton and research expenditure in the first year was less than £6,000. These simple beginnings were the start of instruction research, not only in the UK, but in the world and formidable task facing the research staff. There have also been changes in the scope of the subjects to be tackled. At first it was mainly materials which were studied, then components and then assemblies and complete buildings. Similarly the bulk of the early work was done in the laboratory, but an increasing amount of work has been done on mock-ups, on completed buildings, on building sites and social surveys of user experience and behaviour.

The station in recent years has also undertaken a certain amount of development involving research for a client. In parallel with this widening range, the work has also developed in other ways. In common with many other research institutes, there has been a long-term increase in the sophistication of the laboratory equipment and facilities available. The experimental facilities on the station. The purchase of an electron microscope and probe, the installation of a computer, the provision of facilities such as anechoic and reverberant chambers and the special laboratory for research on structures all imply higher capital investment per member of the research staff. There have also been changes in the scope of the subjects to be tackled. At first it was mainly materials which were studied, then components and then assemblies and complete buildings. Similarly the bulk of the early work was done in the laboratory, but an increasing amount of work has been done on mock-ups, on completed buildings, on building sites and social surveys of user experience and behaviour.

The station in recent years has also undertaken a certain amount of development involving research for a client.

War problems

One of the main developments BRS in the 50 years since its creation has been in the range of subjects dealt with. At first all the work was concerned with materials and especially their properties and their performance in use. Very soon began on structural strength and on heating, ventilation, lighting and acoustics. In 1945 war brought its problems — civil defence research, repair of damaged buildings and use of substitute materials.

After the war, expansion resumed with particular emphasis on environmental issues. In 1950 came the transfer of the work on user requirements, mechanical plant operations and economics in the then Ministry of Works. The need to help colonised territories with their planning problems led to the establishment of BRS Overseas Division which now has the brief to make the station's work available to any country receiving British development aid.

The BRS Urban Planning section was set up in 1966 so the station could extend its reach in this field and specifically undertake work for the architect-planner.

In 1970 the Building Research Information Advisory Service was set up to advise on all construction problems within the consideration of the station. The site where information centre was welcomed by the industry and used extensively, particularly in the field of the progress would be fed in.

Advances in computer use

By TED SCHOETERS

If all things were perfect in this imperfect society, it would be possible for every architect or quantity surveyor, indeed anyone involved in a building or civil engineering project, to make his contribution in such a way as to dovetail dynamically into a computer control system.

With minimum paperwork and nothing more than a set of routines ostensibly having little or nothing to do with computer processes, each discipline would contribute to the formulation of the complete concept and the model thus built up would be designed to have its various parts react internally in obedience to pre-established rules, producing information and questions vital to the various participants.

The ultimate could be an instruction centre or centres at the site where information controlling the work would be displayed, and where details of progress would be fed in.

Industry reaction

Partly due to the diversity of computers in the 50 or so large installations employed by the construction industry and partly due to the old Anglo-Saxon "NIH" (not invented here) reaction, forms a "skeleton" data bank this situation must be resolved on a computer. Barbour in time as economic pressures has decided on analytical pre-instruction and within the sentation of data and has made industry continue to build up. But it is surprising how many sanitary fittings and bricks so computer people still are ready that an inquirer specifying and willing to reinvent the needs could be given a list of wheel in the secure knowledge products most closely fitting them. But this does not solve the illustration problem and the company is working with Portsmouth School of Architecture on compilation of software in the form of a visual index.

But to return to Loughborough Agency are promoting which has been made standardisation at different levels: from outside the field, the Department of Health and —Genesys—on which some Social Security has put considerable effort into "CUBITH" being spent. It results from bold attempt to cut paperwork an effort made some four years ago to find out whether it gets by the National Building

eliminating for ever the consultation of plans and blue-prints. Each step would fit into a streamlined progression with waste of time and duplication of effort a thing of the past since routines such as materials and plant ordering at the correct time, payroll handling and so on would flow automatically from the standard information fed in during the previous contract stages and the basic control programmes.

Reality is far from this ideal. Official efforts to achieve some measure of standardisation in certain areas of operations, in progress since 1967, are only now starting to show some results, and all the time-expensive programming work is being done to solve problems analysis of structures, for instance, which have already been solved not just twice over but perhaps 20 times.

Foundation stone for this puters by writing a library of a computer bureau but it can be used by organisations with their own machines.

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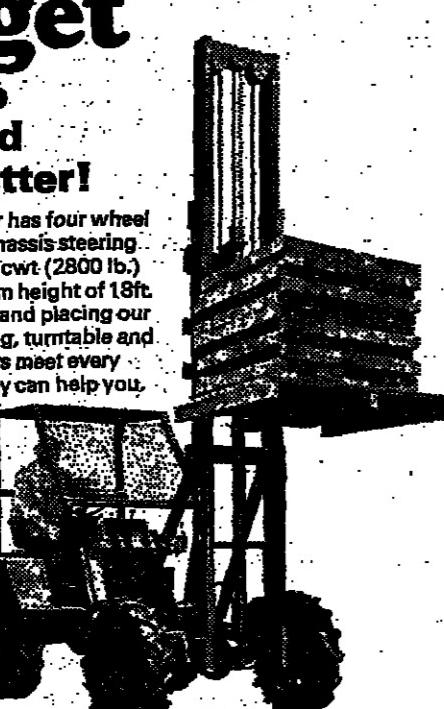
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those involved in any given area to agree on definitions and on coding for the hundreds of thousands of manufacturers and equipments they handle in the course of their operations.

Seyeral committees have been dragging out decisions on what

admittedly is an important area —for far too long in view of the difficulty of general pro-

gress without this basic agree-

ment.

In the commercial world one

name immediately springs to mind—that of the Barbour

Index whose promoters for

several years have been pur-

suing the difficult task of setting

up a complete library of pub-

lished data on building products

and components, with the pro-

viso that the library must be

available for consultation at

electronic speeds. This is being

achieved by computerising the

file of information which now

contains 20,000 individual pub-

lications representing over

200,000 pages of detail and

(not invented here) reaction, forms a "skeleton" data bank

this situation must be resolved held on a computer. Barbour

in time as economic pressures has decided on analytical pre-

in the country and within the sentation of data and has made

industry continue to build up.

But it is surprising how many sanitary fittings and bricks so

computer people still are ready that an inquirer specifying

and willing to reinvent the needs could be given a list of

wheel in the secure knowledge products most closely fitting

that senior management will fitting them. But this does not solve

the illustration problem and the company is working with

Portsmouth School of Architecture on compilation of software in the form of a visual index.

But to return to Loughborough

Agency are promoting which has been made

standardisation at different levels: from outside the field,

the Department of Health and —Genesys—on which some

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It results from bold attempt to cut paperwork an effort made some four years ago to find out whether it gets by the National Building

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from the difficult problem of using widely different com-

puter systems to evaluate and review the

building operation through

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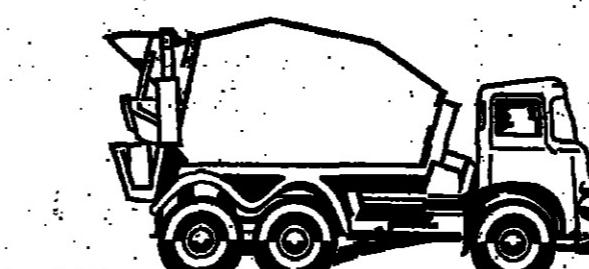
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The Foundation of the Building Industry

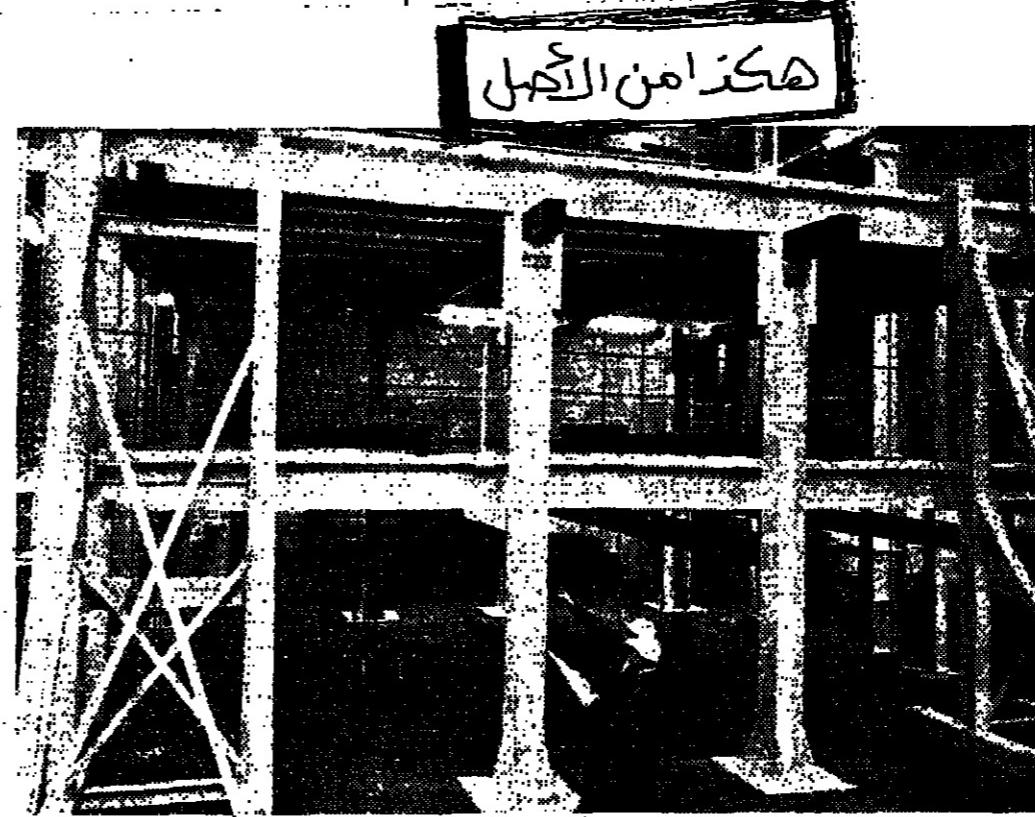
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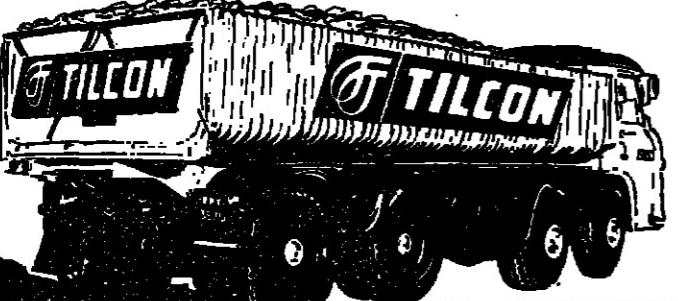
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BUILDING X

Definite trend towards negotiated contracts

By F. E. GOSTLING, Chairman, Contracts Committee, National Federation of Building Trades Employers

In May, 1967, the Building EDC issued a report entitled "Action on Banwell," designed to examine how far the recommendations of the Banwell Committee on the Placing and Management of Contracts for Building and Civil Engineering Work had been implemented and, where appropriate, to make further recommendations.

Paragraph three of this report, "Appointing the Contractor," made it quite clear that there was a definite trend towards negotiated contracts in public building and the Building EDC Committee firmly advocated this form of selection and recommended that Central Government departments continue to urge the use of negotiated contracts on local authorities, especially for larger schemes." Indeed, at this time, with the active encouragement of Central Government, mainly through its National Building Agency, an increasing interest in, and use of, industrialised building and rationalised systems was opening up still further the possibilities of negotiation and a greater participation by the contractor in the design process.

The EDC Committee had, of course, obtained its statistics from work carried out in the public sector. Clearly, it is impossible to ascertain exactly how the private sector places and manages its building work. However, the manner in which Government and public bodies conduct their affairs has great influence on those who operate outside these institutions, and private corporations and individuals, having far greater freedom of action, tend to move far more quickly once a trend has been set. That the trend has been set is made clear by the numbers of contractors of all sizes quite prepared to enter into negotiation, fully realising that their ideas and methods have to make a real and meaningful contribution not only during the construction process but at the design stage also.

It is for this reason that some contractors devote a substantial part of their organisation to the promotion and development of negotiation, to some participation in design and to costing so that the full use of techniques and systems sponsored by them, and the experience gained by these specialist departments, can effectively contribute to worthwhile savings in time and cost—all this within the traditional arrangements where the building owner's professional advisers control the operations and arrange for the co-ordination of the many activities involved.

In some situations the contractor could be providing a large part of the design function in the form of a system where the production units are manufactured off-site, or where equipment has been produced to provide standard modules or components for on-site production, or where the building process has been rationalised to fit in with the easy assembly of standardised units manufactured under the direction of the company operating the system.

Most building contracts readily lend themselves to negotiation, particularly those where the nature of the work is such that very careful selection of a contractor is vital to the successful outcome of the project. In such cases there may be one or many key factors to be taken into account, such as speed in execution, the size of the scheme, the complexity of the operations envisaged, the highly specialised nature of the work, the location, and the risks involved, to name but a few. The need to save time is usually the principal factor in a decision to negotiate. A manufacturing company with an over-full order book needs new build-

ings quickly, a developer with an expensive and valuable site wants his investment to produce revenue as soon as possible, a local authority with a large and urgent housing programme; these are typical situations in which time is an important factor to the client.

Pre-contract time

The period between the client transmitting to the designer what he thinks his building needs are, and the actual start of building operations on site is known as pre-contract time. On some projects this period can be as long as sometimes longer than that needed to construct the building; finalising the client's requirements, carrying out site surveys, obtaining town planning approvals, Office Development Permits, or Industrial Development Certificates, conducting negotiations with adjoining owners, observing traffic requirements—these are only some of the matters to be dealt with. All take up valuable time.

It will be seen therefore that a commercial or industrial building owner in urgent need of accommodation, and/or having acquired an expensive site and faced with such daunting prospects such as those I have outlined will press his professional advisers to shorten this expensive pre-contract time by every conceivable means.

Pre-contract time is not only expensive in the direct terms of general expenditure, fees, interest charges, the loss of revenue or revenue potential, but also in the indirect terms of the cost of inflation. Quantity surveyors and others responsible for cost evaluation and cost control of building projects are acutely aware of the effects of increased costs due to inflationary pres-

sures and the problems that arise in making adequate allowances in any feasibility study.

The early appointment of a contractor can have many advantages—the early involvement of the men who will control the production of the building leads to familiarisation with the project and the "feel" of it; the team becomes used to working together before operations start. The contractor, being concerned with production in terms of time and cost, is often keenly aware of the problems thrown up by a particular location and project, and because of previous experiences is often in a position to make positive and valuable contributions at the pre-contract stage; by having already available the necessary machinery, equipment and the "know-how," and by being able to offer advice on the relative values of various methods of construction. As most modern buildings are complex in that mechanical and engineering elements—heating, ventilating, electrical, lifts—represent a substantial part of the whole, it will be seen that there is not only need, but a distinct advantage in the contractor's early involvement and participation in decision taking.

Local firms

Often a contractor is selected for negotiation because he is well-known to the professional advisers or to the client, or to both, and this forms the basis of many satisfactory relationships among the very small local firms as well as among medium-sized firms and large national contractors. In some cases a contractor, whether large or small, may provide a highly specialised service or a category of skills, and here as for its clients.

selection can be almost automatic.

For some building owners, competition by price is an essential part of their purchasing and tendering arrangements, and of course there are clients who feel that they would be failing in their duty to those whom they represent unless they tested the market, and that negotiation with one contractor is unacceptable. It is for this reason that the system known as "two-stage tendering" is being increasingly used as a means of early selection by competition. The first stage of this method is for the professional advisers to invite a limited number of contractors who they consider are best equipped in terms of size, management, and technical ability to carry out the work to tender on bills of approximate quantities, nominal bills or schedules of rates that are applicable to the project in hand. With the result of this preliminary or first stage resolved, the professional adviser enters into negotiation on the second stage with the successful tenderer. By these means many operations can proceed in parallel, which not only saves time, but can result in a better building being handed over at the end.

The observation made in the Emerson Report of 1962: "no other important industry has so removed from the responsibility for design and production" is over-simplification of a complex problem. But if the early involvement of well-equipped and competent contractors along the lines I have described here can make this criticism less valid—as I believe it can—then so much the better for the industry as a whole as well as for its clients.

Firm price tendering a cause of bitterness

By MICHAEL CASSELL

The building industry is accused of being "short-sighted" and "obstinate" in its insistence on the continuation of a "twisted and spurious policy"—harsh words from an industry whose prospects are nevertheless considerably brighter than they have been for some time, albeit in only certain sectors.

The centre of the controversy, lest there should remain anyone remotely connected with the industry who is not aware of the situation, is the firm price tendering policy which was introduced again in 1957 and obliges any builder to provide definite cost quotations on any public works contract expected to last for up to two years.

Arguments, from both sides, are quite straightforward and each party is equally convinced of the validity of its own case. The charges of the industry and the defence tactics of the Government have not been very well rehearsed in the last three years and in 1971 the campaign has certainly reached a climax. It has served to illustrate the industry's ability to shout as loudly as anyone if it feels it has a justified complaint but at the same time has shown how even the most vociferous and persistent lobbying tactics can fail to spark Government action if that Government firmly believes the policy under attack is in the best interests of the nation.

Price rises

Inflation alone has brought the firm price tendering row to a head. The policy worked well until about 1968, when the prices of building materials began to rise sharply. The industry now claims that with price increases continuing at an unprecedented rate any Government directive which compels builders to estimate the pattern of costs over a two-year period is a nonsense. To cope with such a situation, they say, the contractor is forced to build into his tender a sum to take account of price increases which he can only attempt to predict.

As the president of the National Federation of Building Trades Employers said in one of his latest forthright attacks: "The only possible consequences, it appears to me, are either that contractors will refuse to tender at all on a two-year firm price basis or that they will simply load their prices unmercifully in order to take care of all possible cost eventualities."

The Government, which places Mr. Julian Amery, Minister for Housing and Construction, in the firing line, has been

of activity within the industry would be free to operate a risk and fall clause. Comparison of the fortunes of the two groups would provide the answer and for all. The challenge is yet to be taken up.

So the industry has stated, via the NFBTE, that it can no longer support the Government in this policy. It can now do little else for in directing members not to accept public works contracts, it would run foul of the Restrictive Practices Act.

All its considerable efforts to date have had little effect although Mr. Amery has shown himself to be genuinely sympathetic to the building cause. His reluctance to change the situation, however, does mean that the construction industry will not be carrying on with the fight.

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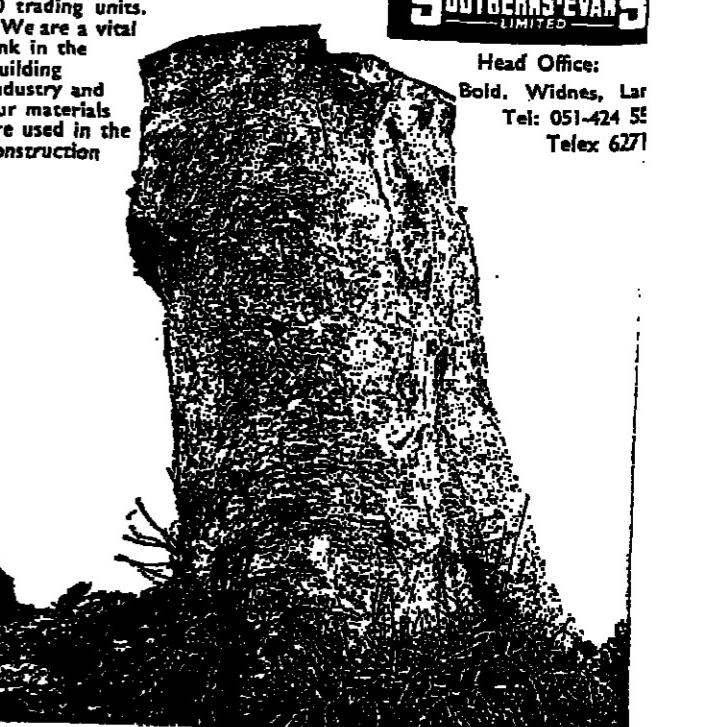
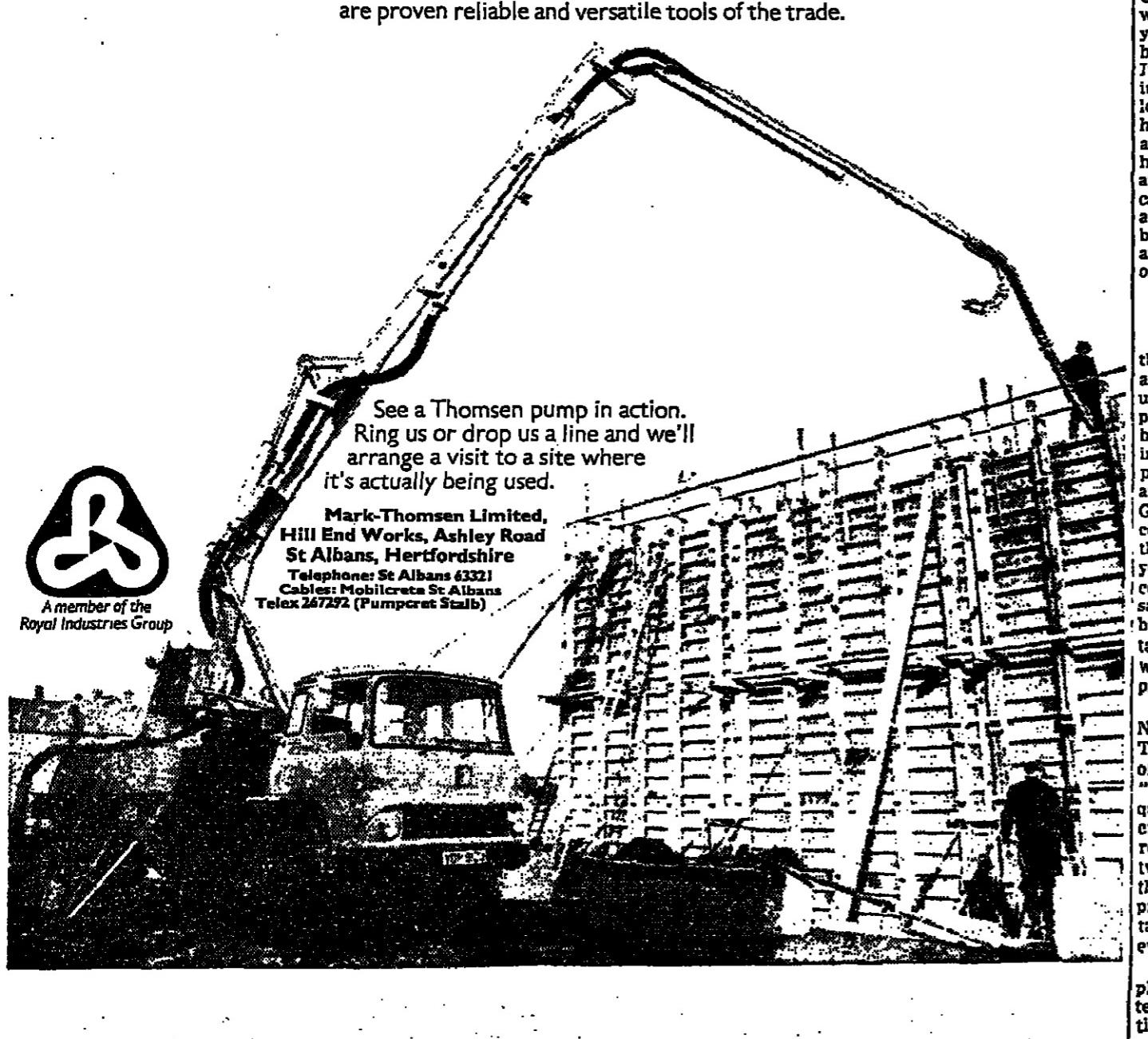
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UILDING XI

Management methods and productivity

CLEEVE BARR, Managing Director, The National Building Agency

King the industry as a many building sites are still e productivity is probably appallingly bad and this is inevitable—slowly. One can only lead to low output and prove it, however, and the poor standards of workmanship. It is of available statistics. Some builders have shown what is questionable. The top shows the general increase in the gross output of the industry from 1963-1970, at constant prices, divided by the number employed by firms in the industry. From these figures one deduces that the average annual increase in output per man has been 5.4 per cent. Unfortunately this is only of the story.

"The Lump"

Official figures for the when the back-to-back terraces of the "Lump" were built, or even the outputs phrase describes the achieved in the cheaper speculative housing of the thirties. The and labourers, who escape quality of such building was a symptom of SET and other deductions by offering their r as "self-employed" employment and other misfortunes. They are not usually described as bona fide sub-contractors and many individuals who describe the building industry in the early years of this century is still well worth reading.

Brick analogy

Increased output to-day from individual workers doing traditional building tasks, is usually achieved by financial incentives. To pursue the brick analogy, if a man on the basic rate would lay in straight walling, say, 700 bricks a day, he will lay 1,500 to 2,000 if the builder will pay him a sufficient reward. Whether it is the quality of work this is worthwhile from the point of view of the builder or the capital resources involved. Such as it is, how has increased in output per man achieved? How can it be achieved?

This, however, begs a number of important questions. Whether it is the quality of work this is worthwhile from the point of view of the builder or an individual client depends, of course, on the importance to the owner of speed of completion, on the ratio of overheads to labour on the site, on how fallacy that increased productivity means that workers are paid to work harder. Studies show that a great deal of workers' effort goes in the inefficient organisation of the costs of materials and indicates what can be done. Conditions on the results of a policy of "too" had as its initial task some seven

easy reliance on financial incentives. It also shows the reason for the trend away from labour systems in the housing field. Undoubtedly system-building in development of systems which schools and hospitals as well as housing has contributed substantially to the general manufacture of component parts.

Financial incentives for the improvement in output per man—leaving aside the with a peak around 1968. The passing of this peak however by no means indicates that systems are finished and that designers and builders are reverting to traditional construction. It means rather a better integration of new techniques with the use of traditional materials and the need for better co-ordination between designers and specifiers (architects and surveyors who are preparing the drawings and bills of quantities), the contractor who erects on site and the suppliers and sub-contractors who provide him with materials, components and specialist work.

It also relates to the need for planning and managing the design and erection of a building project as a continuous operation.

New techniques

In the past four years this has given rise to great interest in the industry in new management techniques—critical path analysis, computers, resource analysis, and so on. Unfortunately these have all too often been either wrongly applied or introduced to organisations who have not had the basic management talent to absorb and use them properly.

The National Building Agency launched a year ago a very simple method of computerised programming and control technique called "Compact," which is having considerable success with smaller and medium-sized firms. Given a very elementary management structure, with responsibility for planning, buying, and job control allocated to adequate staff and directors, it permits the builder to plan and control simply and at a fraction of the cost of more sophisticated systems, as few, or as many,

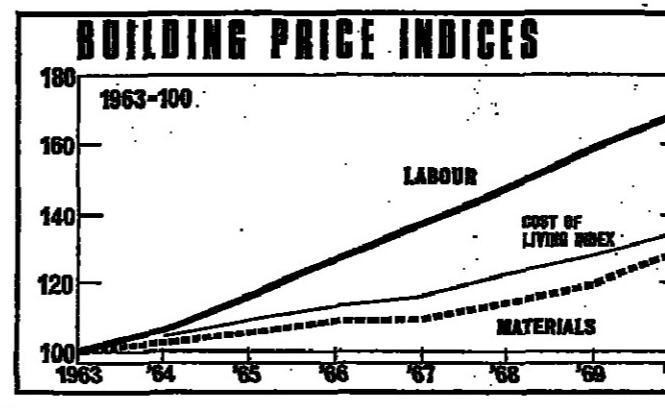
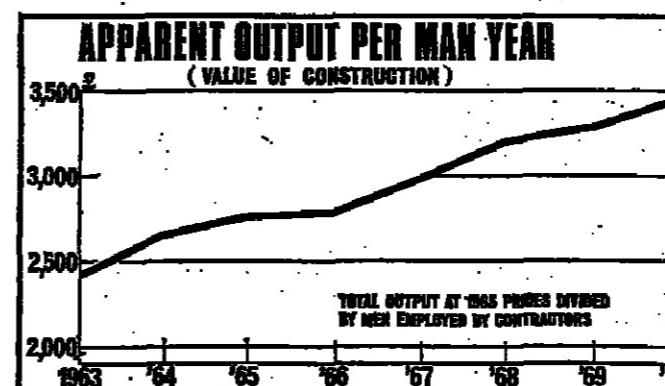
The lower graph shows the relative increase in building labour costs compared with the given size of job.

The National Building Agency

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The opportunities of metrication

By TONY FRANCE

required per house on the used methods using traditional system-built sites was only half materials. One of the main required per house on the used methods using traditional system-built sites was only half materials. One of the main local authority houses—1,140 as to achieving a higher output per man—the overwhelming authority sites, it was clearly shown that system-building produced a significantly higher output—average of 53 weeks. The systems involved could be concluded which derives from site labour than the average number of man-hours largely in fact semi-industrial

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metrication by 1973 is well under way and already two-thirds of building and civil engineering projects are being carried out to metric scale. In the public sector almost all new work will be in metric dimensions by the end of this year. But many builders and craftsmen in ancillary trades are asking when can we expect to widen rather than reduce the choice of solutions open to the architect and the client.

The answer lies ultimately with the suppliers themselves—but it is essential to understand the progress which is being made in the preparation of detailed specifications by BSI. The revision part of the metrication programme, which started in 1969, included nearly 500 projects of which well over half should be completed by the end of this year. Most of the remainder are of low priority as far as substantial changes of size are concerned.

Already there are metric standards for the commonest building components and it is encouraging to record that apart from the notable exception of brick sizes there has so far been no diversion from the application of the basic building sizes. The metric standard for timber sizes, rigid flat sheet materials, steel reinforcement bars and bricks—all the staple diet of contractors—are available now. The standards for bricks (clay, calcium silicate and concrete) have been revised to rounded metric dimensions at the request of the brick industry although co-ordinated sizes are not ruled out of the specifications. It does seem a pity that the most basic of building skills should not benefit from dimensional co-ordination's main advantage—reduction of on-site trimming. Window heights (sill to top of window) are the main problem here, and in the public sector window heights have been adjusted to take account of the non-co-ordinated brick size. Elsewhere bricklayers will have to rely, as always, on their own skill in filling areas with minimum waste.

Window standards

Recent work on co-ordinated dimensions which will ease the tasks of several trades is concerned with baths, sinks, PVC drain pipes, roof and wall tiles, roof slates and roof coverings of lead, copper and aluminium. Thermal insulation materials have been metric for some time. The metric standard for door sets is to be published shortly—so are those on aluminium and steel windows. A timber window standard should appear later in the year. The standard on co-ordinated dimensions for kitchen fittings is in its final stages and is related to international agreements with which BSI is intimately connected.

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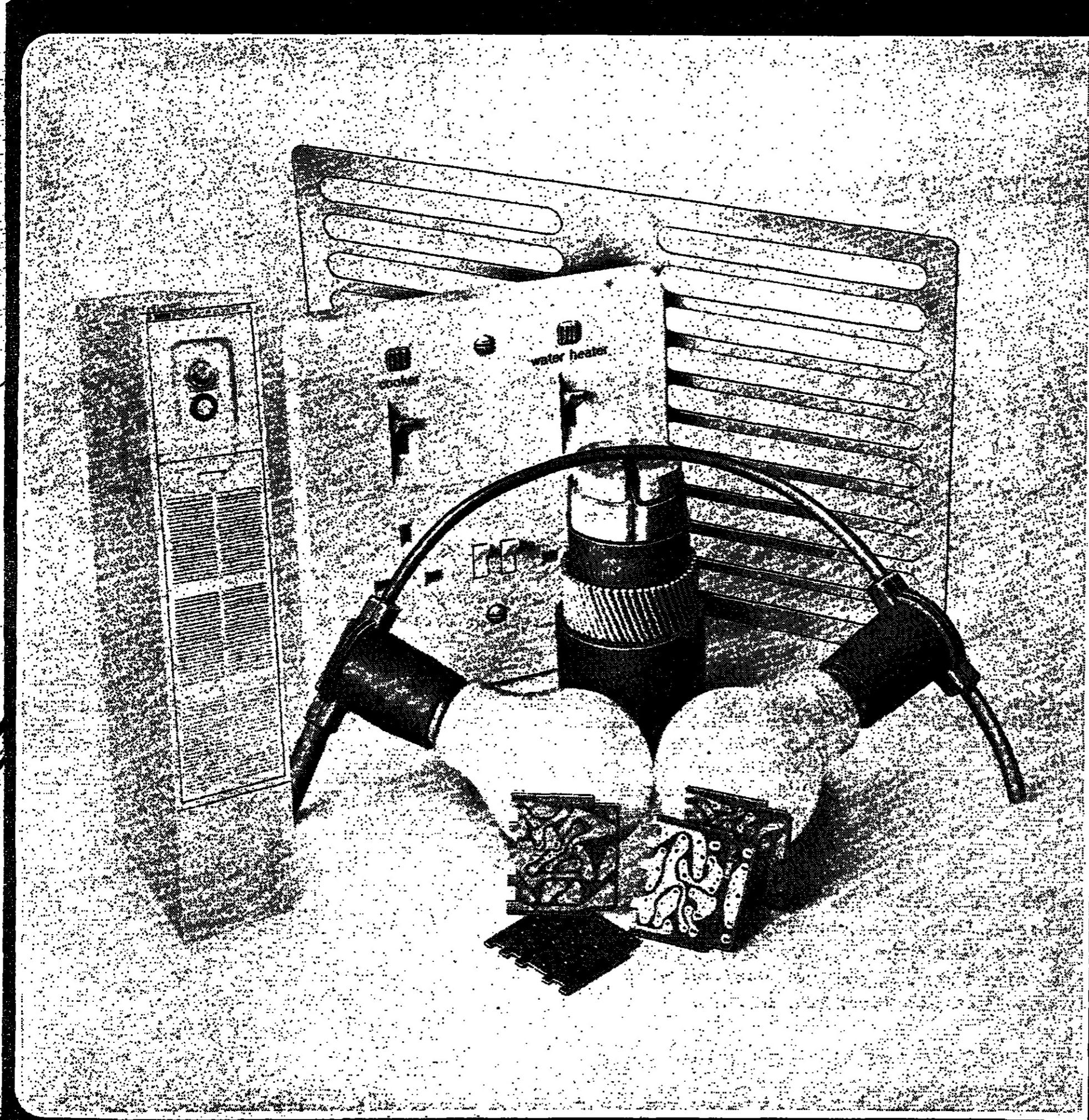
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BUILDING XII

Need for closer human contact

By H. A. N. BROCKMAN, Architecture Correspondent

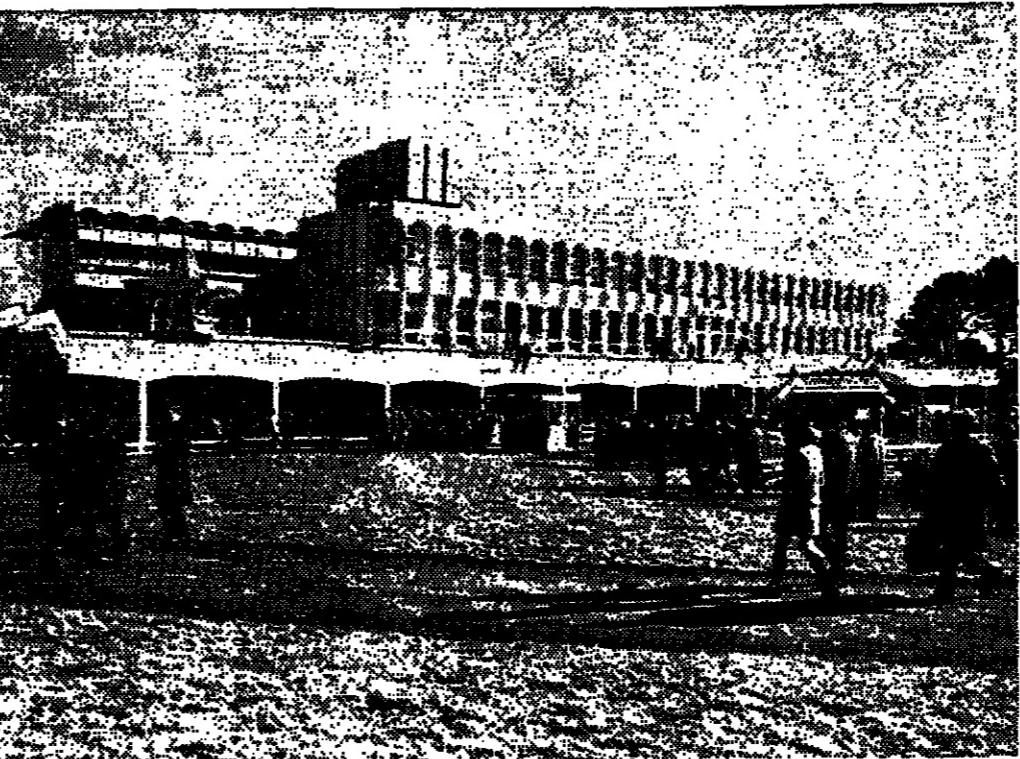
There is much trouble in the building industry just now, hungry builders at each other's fied criticism when set against the Government's insistence present alarmingly disturbed. The architects' cudgels were upon fixed-price tenders when state of society in general, wielded by Sir Hubert Bennett, prices were not being controlled where long suspected and unsuspected abuses are being uncovered and establishment GLC who is now director of conscience continuing, unless in all senses of the term is being questioned, the industry has domestic problems which it gives up, but he felt that the social conscience was itself being frustrated by restrictive legislation. While prominent members of the industry can speak publicly ways in which we could rebuild the environment but we accepted the straitjacket that existed legislation placed upon us. "I'd like to see," he said, "new towns being built without the existing town planning legislation or without the current financial regulations."

Social conscience

Well there you are, history, as always, tending to repeat which led to bonus payments itself. In 1942, when Reith became the overlord of planning at the Ministry of Works, men had abused their trade union officials, there were difficulties in both design and construction and the contractor, moreover, found himself "in a nightmare situation." The company concerned, he added, had great difficulty in planning a job which led to bonus payments itself. In 1942, when Reith became the overlord of planning at the Ministry of Works, sites in London where it was he who invited planning bonuses of £50 to £80 per week authorities to forget the law as were being paid above the £20 basic wage, and of a recent advertisement for carpenters at £70 a week.

Frank opinions

All this was said at a conference organised by the Junior Liaison Organisation, representing architects, builders and engineers, which considers that "the apparent conflict in the interests of our industry and the society it serves needs to be under constant review." But other equally frank opinions were voiced during this stage of "review." A spokesman for the Department of the Environment pointed out the industry's achievements in the past 25 years, "vast, largely unsung, social conscience dominated so only remarked upon the planning conception it did so occasion of failure, and usually in that work." It is so often that Mr. Peter Trench brings us back to earth when social and aesthetic considerations. Mr. Trench, the doughty champion of the builder, felt that conscience alone should feel there was "very little to persuade clients not to point science in the building industry towards all members of the industry has never been greater.



The grandstand at Leopardstown Racecourse. The use of pre-cast H-frames as the main vertical structure produces an impressive and enforced elevation. Architects: Howard V. Cobb and Partners.

Mixed signs for the professions

By ALEX GORDON, President, Royal Institute of British Architects

One of the unique features of the building industry is the scepticism, the mediation of the improved team working among the professions between these the professions involved and even more crucial.

Design stage

Rightly these services come under close scrutiny from clients, and I mean clients in the widest sense from those who are on the one hand responsible for financing a building, and the other, who have

construction demands mas-

sive resources and investment,

national and private. What is interesting to note that issue.

kinds of building process can be the industry is in the main dealing with a mass of jobs valued at under £250,000. In 1966

best attempt to satisfy such

disparate demands to meet at

often irreconcilable needs. The

total design service on the principle that time spent on the

investigation and design stages

will result in a better end product at a lower cost.

It is interesting to note that issue.

which will ensure that it is treated as a means

and will achieve the

interests of the community

client.

The professionals have a

challenging time.

External pressures on

independence will continue.

encouraging to note that the

Government agreed revised

Conditions of Engagement and

however, hopeful. The pro-

gress on the Association of

Consulting Engineers scale.

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however, hopeful. The pro-

gress on the Association of

Consulting Engineers scale.

The encouraging factors are

the implicit acceptance by the

Government of the value of the

design expertise and commis-

ion competence should en-

surely provide explicitly for the contribution from the

time charges on stage B work to the industry.

feasibility, investigation of in greater demand and

alternatives) to ensure that a achieve even better results.

GLYNWED is one of Britain's larger industrial groups.

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Europe—a hard look at investment strategy

BY JOHN TRAFFORD

HULL THE Government is getting its act together, and the relative attractiveness for investment in the various European countries would be a products, can vary by £6 or £7 million this winter, and would-be expatriates who want to know about income tax will be discussing the topic of discussion.

Boardrooms around the world are certain to be future as death duties—is an excellent great help to know whether the investment strategy. Unconventional predictions about the Confederation of British Industry are hard to dusty under the title "Taxation in Western Europe." Unfortunately the most recent dispute that more companies will now be taking a edition was published in February, 1970, and relates very largely to the 1968-69 tax amnesty.

Undertaking

The Government has undertaken to abolish all controls direct investment in other C countries by the end of 1974. The present system, which requires export-reparted profits within three years, has undoubtedly had a restraining effect, particularly among the smaller companies which are neither well briefed nor often as well informed as the niceties of obtaining funds for foreign investment. Furthermore, the dismantling of tariff barriers between the and the existing six will companies to view more seriously the alternatives setting up a new factory here elsewhere in the Community. Since a Board has decided in principle to have a good look investment on the Continent next problem is to lay down all the relevant information and using it to calculate

the relative attractiveness for investment in the various European countries would be a products, can vary by £6 or £7 million this winter, and would-be expatriates who want to know about income tax will be discussing the topic of discussion.

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What with the introduction of Value Added Tax throughout the Community (Italy is the only one yet to fall into line) and the cost of manual labour and white collar workers (including welfare payments), energy costs, availability of raw materials, communications with the market to be served and pollution laws. This list could stretch on depending on the nature of the company's business.

Any one of these factors can be decisive in the final choice of the location for the new investment. If, for example, the plant is labour intensive, the wish to change the arrangements covering fixed capital investment at the drop of a hat, a pan-European comparative exercise has very limited life span.

To take the U.K. as an example, Corporation Tax was cut to 42.5 per cent in Mr. Barber's October Budget last year which also scrapped investment grants and replaced them with a less generous system of speed depreciation allowances.

Even if a fully updated survey of West European taxation were available, understanding it and using it to calculate key chemical intermediate used Tax would be introduced in such circumstances it certainly

is a help to know just how the government of the country used. Since interest rates vary, development areas where unemployment levels of 7 per cent or more are commonplace and which sets up a new plant some countries as well as a cent are commonplace and allowances in the non-develop-

ment areas.

Fortunately a very complete "standard" 9 per cent, allows which may in the near future

surprising survey has been done by the Department of Economic Development. The table shows the theoretical expected return on an identical test cases expressed as the investment made in Belgium after-tax discounted cash flow.

France, West Germany, Italy, rate of return. Easily the most Ireland and the U.K.

Its main findings have in part that the U.K. is the front-at least been overtaken by runner only in the non-development areas; Ireland, France and Italy all score on the U.K. when revised in March last year (and Italy all score on the U.K. when revised in February, 1971). It comes to investment in Even if the figures are no longer wholly accurate, they do however, is not a comparable at least point out some interesting differences between the development areas. Ireland, various European countries and draw attention to the great importance of choosing the right way of financing the project.

To make the comparison, a plant costing £5m was taken and a pattern of cash inflows assumed over its useful life, taken as 10 years. Two cash flow patterns were evolved, one assuming that the plant was not a very profitable one, the other assuming that it earned profits at a good rate.

The authors then went on to apply these cash flow patterns to the tax laws ruling in each of the six countries both in development areas and in non-development areas.

If the fiscal rules really do have an impact on the tempo of investment, the present British showing is not especially

AFTER-TAX DISCOUNTED CASH FLOW (DCF) RATE OF RETURN ON IDENTICAL CAPITAL PLANT WITH 25 PER CENT. OF FUNDS BORROWED AT 9 PER CENT.

	Low Profit Case	High Profit Case			
	Non-Dev Area	Dev Area	Non-Dev Area	Dev Area	
Belgium	6.5	3.8	16.7	13.1	
France	7.8	3.2	18.5	12.3	
West Germany	6.2	3.1	15.3	11.4	
Italy	6.0	3.8	18.0	13.3	
U.K. (a)	9.4	6.1	20.4	16.2	
(b)	5.6	4.2	17.9	15.7	

(a) pre-October, 1970. (b) pre-July, 1971.

Alternatives

A wide range of alternative policies are open to the Government if it wishes to make investment in the high unemployment areas more attractive, including such devices as allowing more than 100 per cent of the capital value of a plant by way of depreciation allowances. However, if the Chancellor sticks to the present system of having all his investment incentive eggs in the one basket of depreciation allowances, reductions (or increases for that matter) in corporation tax will have absolutely no effect on the after-tax DCF return on new capital plant in development areas.

What the operator gains in greater net cash flow when the plant is operative is precisely cancelled by the greater initial capital cost he has to bear through the reduced value of the 100 per cent free depreciation. The cash flows may be larger, but the plant has cost him more to build. Reducing corporation tax would certainly increase liquidity and hence funds available for investment, but it would do nothing to make actual investment in development areas more profitable.

Smaller

The disparity between incentives in development and non-development areas, which has recently attracted a lot of Press comment because it has dwindled sharply since the Chancellor's budget last year, is much smaller in the U.K. than in any of the other countries. Furthermore, Mr. Barber in his measures last July reduced the differential even further by increasing the first-year depreciation allowance on capital plant in non-development areas from 60 to 80 per cent.

To round off the survey with a really comprehensive treatment, the authors also examined the effect of borrowing 25 and 50 per cent of the project's cost and also took the case in such circumstances it certainly

Bid to combat colour TV problem

LONDON WEEKEND and Granada Television, both major users of EMI 2001 colour TV cameras, have placed orders totalling £40,000 for EMI's 3113 auto-aligning units to overcome the problem of registration drift, a characteristic of multi-tube cameras.

The units automatically monitor and adjust the picture centring of four-tube colour TV cameras.

Said to be the first of their kind, EMI expects them to eliminate one of the operating engineer's major problems and provide a marked improvement in operating efficiency in colour TV broadcasting.

Labour News

Industrial relations: call for new Bill

By ALEX HENDRY, LABOUR REPORTER

THE LABOUR PARTY has asked for a series of joint talks with union leaders to draft a restore the amity between Parliamentarian and trade union leaders that dissolved during the Industrial Relations Act, introduced by the present Government when the Labour Party is out of power.

The party is committed to the Act in the first Parliamentary session following its return to power, by a unanimous vote at this year's conference.

It needs to find something to its place is raised because the Act repeals earlier trade legislation which protected union rights.

A tripartite talks—between TUC, the Labour Party's national executive, and Parlia- ments group—are part of a policy programme involving discussions on public ownership, multi-national companies in economic policy.

The TUC team will include Sir Alan Kenyon, Lord Hugh Scanlon, Lord Sir Sidney Greene, and general secretary, Mr. Vic Keighley. It is not yet certain if Mrs. Castle will be involved in the discussions. Before they the Parliamentary party be holding its Shadow election and she could line for a change of job.

It is highly probable that this is one of the subjects discussed by M. Maurice Schumann, the French Foreign Minister, during his visit to London last week, but

Textile workers lobby PM on mill closures

A DELEGATION from the Blackburn and District Textile Trades Federation, which has 6,000 members, will take a petition to the Prime Minister at 10 Downing Street on Tuesday urging him to reverse further mill closures in Lancashire. Signatures for the petition, including those of 700 workpeople affected by closures announced during the past few days have been collected during the week-end.

Some 640 workpeople from three mills in the William Birchfield Allied Mills group—Florence Mill, Blackburn; Greenbank Mill, Preston; Abbey Mill, Abbeystead, Lancaster, 50 at the Gordon Mill of Robinson Seed Co., of Blackburn, will lose their jobs before the end of the year.

Local government unions bid for pay deal

By ALEX HENDRY, LABOUR REPORTER

THE GOVERNMENT union, the Scamp inquiry into the bridge the £74m. a year gap between them and the workers in the current wage negotiations will be again prepared to challenge the Government's pay strategy.

The employers have agreed to backdate any settlement to November 8, and this takes some of the heat out of the situation. But a spokesman for NUPE said yesterday: "Whatever the final offer from the employers, it will be put to the delegate conferences to decide. It will have to stand up to the acid test of the membership's reaction."

More labour news, Page 11

Mirage repurchase could hit Jaguar

By ROBERT MAUTHNER

PARIS, Nov. 14.—THE PROSPECT that France will buy back from Israel the 50 Mirage V aircraft on which General de Gaulle placed a delivery embargo after the six-day Arab-Israeli war in June, 1967, could affect French purchases of the Anglo-French Jaguar tactical support aircraft. This became clear at the week-end after the revelation that secret negotiations between France and Israel on the repurchase of the Mirages have been going on here at senior official level since September.

No resale

Israel is apparently insisting that if it agrees to sell back the 50 Mirages, for which it paid in advance and which are being stocked on an airfield at Chateaudun in Central France, these must not be resold by France to any other foreign country, least of all an Arab State. This condition is likely to be fulfilled, since all the indications are that a decision in principle has already been taken that they will go to the French Air Force.

The affair has provoked speculation here that a recent decision by M. Michel Debre, the French Defence Minister, to postpone the conclusion of a contract for Jaguar aircraft for the French Air Force was directly related to the Franco-Israel negotiations on the future of the 50 Mirages. The official explanation given at the time was that the contract was postponed to enable Rolls-Royce, which is building the Jaguar engines, to sort out its financial difficulties and to decide on a price for the engine.

It is highly probable that this was one of the subjects discussed by M. Maurice Schumann, the French Foreign Minister, during his visit to London last week, but

First public offer in U.K. North Sea gas search

By PETER RIDDELL

THE FIRST public offer for sale of Ekofisk (a find by another consortium led by Phillips estimated to be one of the major offshore fields in the world) on a structure known as "Josephine," and although this has not yet been properly tested further drilling will take place next year.

The consortium also obtained a "premium" block (1927), north of the B.P. Forties field, for £638,000 in the recent tender offer. Applications are also outstanding for 22 other blocks in the north-east part of the U.K. sector.

Stock Exchange approval is unusual for a company, the main part of whose appeal is purely speculative. But a reassuring factor seems to have been the point that there is already a substantial, and rising, income, providing guidance as to the worth of the shares.

Association with as experienced and successful a North Sea operator as Phillips stands the company in good stead according to leading specialists on the subject, who expect the offer to be a considerable success.

Fosco Minsep, through its subsidiary Minerals Separation, is the largest shareholder in Oil Exploration with a 13.6 per cent stake. Other major shareholders

Redevelopment of Liverpool city centre

National petition against second channel for ITV

By FINANCIAL TIMES REPORTER

A NATIONAL PETITION opposing allocation of a second television channel to the present ITV Authority's headquarters in Brompton Road on Tuesday. The decision was made at a meeting of Speakers at the meeting of the Bow Group, the Labour Party, the National Union of Teachers, the National Union of Journalists, the Association of Broadcasting Staff, former editor of "24 Hours," Mr. Stuart Hood, former BBC television and Allied Technicians, the Association of Cinema Technicians, the National Viewers' and Listeners' Association, the 76 Group and the Richard Neville.

The meeting elected an action committee, the Post Office Committee, the TV4 Group, and engineering union.

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COMPANY NEWS + COMMENT

Paterson Zochonis slightly ahead

THE PATTERN emerging in the current year of Paterson Zochonis (general merchants in West Africa) is mixed, although profits to date are slightly higher, says the chairman, J. B. Zochonis.

Turnover is a little higher and may be expected to continue so. Margins, however, both in Ghana and Nigeria, are under pressure due to over-stocking, which has led to greater competition.

On the other hand, renewed production of soap in Nigeria and the increased production of thread in Ghana and of perfume and medicines in both is bringing in overall higher profits; though in Ghana recent heavy surcharges on perfume raw materials have led to a higher price level than the market has so far been able to absorb. Mr. Zochonis states.

As stated on October 20, group profit for the year ended May 31, 1971, was £15.5m. (£1.75m.) and the dividend 17 per cent. (equivalent 13.6 per cent.). Also proposed is a one-for-one scrip issue, and a dividend of at least 16 per cent is forecast on the higher capital.

Further legislation is contemplated by the Nigerian Government which will mean offering to Nigerian nationals a minority holding in certain group subsidiaries.

It appears likely, the chairman states, that one of the major subsidiaries will be reconstituted as a public company under the laws of Nigeria and a public issue of shares made.

Meeting, Manchester, December 6 at noon. Mr. P. C. Kuras has intimated his wish to retire from the Board.

• comment

The 1970-71 feature for Paterson was the way margins moved in the second half. Sales growth over the two halves remained fairly constant (at 16 and 18 per cent) but profits growth accelerated from 12 per cent June to November to 35 per cent, before tax. This, plus the lowest tax charge in three years, raised annual earnings more than a third.

A substantial increase in sales of the Spinning Division is also reported although the nature of hand knitting yarn business requires a very high investment in stocks and the success in increasing output "must not overshadow" the problem of slender margins in a highly competitive

market. Although reducing total turnover, the measures taken to confine the product range and to consolidate activities within a much more limited geographic area have shown a distinct improvement in productivity and have strengthened efforts to contain inflationary pressures. Emphasis is now on expansion of output.

A reported on October 9, the trading loss for the year ended June 30, 1971, was reduced to £32,998 compared with £28,581 in 1969-70. There is, again, no dividend—the last Ordinary dividend was 3½ per cent. for 1968/69.

Meeting, Leicester, December 6, at 2.30 p.m.

Dalmore Whyte to improve in first half

First half results of whisky distillers Dalmore, Whyte and Mackay should show an improvement over the £88,000 of 1970-71 forecasts the chairman Mr. H. W. Whyte.

Main points from the annual review of the Glenlivet & Glen Grant Distilleries Limited by Chairman Iain Tennant.

Ordinary dividends up to 16% from 15%. Trading profit of the enlarged group £95,000 (1970—£532,000 for the original distillery group). Profits were held back by pressure on margins despite our overall increase in turnover. Sales of bottled single malt whiskies up 24%.

Increasing sales of bottled single malt whiskies will demand the retention of large quantities of whisky production in stock. Profits on this stock will not be realised for some years.

Sales and production will continue to increase.



The Glenlivet & Glen Grant DISTILLERIES LIMITED, SCOTLAND

For copies of the report and accounts for the year to 30th June 1971, please write to the Secretary, 45 Frederick Street, Edinburgh EH2 1YG.

This Advertisement is issued in compliance with the requirements of the Council of the Stock Exchange, London.

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Lloyd Rakusen	33	4	Turnbull Scott	29	5

Mr. MacLennan sees no likelihood of this occurring during the first quarter of 1972.

Sidroy sees return to profits

Chairman of Sidroy, Mr. D. M. Saunders, tells members that plans for the current year indicate a return to overall profitability after all charges.

However, in view of the need to reduce the debt balance and to provide for longer term growth it is unlikely that the Board will be able to recommend an Ordinary dividend. The retention of funds is essential to continued progress," he stresses.

The chairman reports that turnover during the first quarter from the Knitwear and Lingerie manufacturing units shows a considerable improvement and forward orders assure maximum utilisation of capacity for several months ahead.

A substantial increase in sales of the Spinning Division is also reported although the nature of hand knitting yarn business requires a very high investment in stocks and the success in increasing output "must not overshadow" the problem of slender margins in a highly competitive

market. Although reducing total turnover, the measures taken to confine the product range and to consolidate activities within a much more limited geographic area have shown a distinct improvement in productivity and have strengthened efforts to contain inflationary pressures. Emphasis is now on expansion of output.

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Sales and production will continue to increase.

sion new factories in Leek and Derby have been purchased, and the vacated smaller premises sold.

As a logical extension to the growing field of fibre bonding Marling has agreed terms for the purchase of 99.5 per cent of the capital of Eurochem, with its subsidiary Euro-Kay. Total consideration is £12,272, to be satisfied by the issue of £50,000 loan notes and the balance in shares; completion will take place shortly.

Eurochem is a well established supplier of fibre bonded acoustic insulation materials and related adhesives—products which are in increasing demand in the motor car industry and wherever sound insulation is important. The manufacture of bitumen and plastic based house tiles for the export trade is another feature of the acquisition. Currently Eurochem sales are approaching £500,000 per annum.

The company is believed to be the largest integrated turkey producer in Europe. Production now exceeds one bird per annum, a substantial proportion of which are sold under its own registered trade mark "Norfolk Manor."

Every aspect of the integrated production of turkeys is undertaken by the company, from the breeding of pedigree birds through to processing and freezing in oven ready form. About 90 per cent of the company's sales have been in the form of frozen oven ready birds. The balance is made up through fresh turkeys, both whole and in cut portions, and in breeding stock and hatching eggs for commercial growing.

Turnover of the group has risen from £1.66m. for eight months of 1964 to £3.5m. in 1970, while profits over the same period have jumped from £65,000 to £244,000.

For the current year ending January 2, 1972, profits are forecast at £700,000 from a turnover of £3.5m. No dividend is forecast for this period, but on the basis of these profits in a full year dividends totalling 25 per cent would be recommended.

At the offer price the dividend yield would be 6.25 per cent, covered 1.68 times, and the p/e 11.

Brokers are James Capel and Co. and dealings are expected to start on Tuesday, November 23.

ISSUE NEWS AND COMMENT

Bernard Matthews offer at 100p

Pays-Baies and Banca Commercio Italiana.

Fidelity Radio

Lists open on Thursday November 18 for an offer for sale by Kleinwort, Benson, of 1.6m. Ordinary 25p shares in Bernard Matthews at 100p per share.

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the largest integrated turkey producer in Europe. Production now exceeds one bird per annum, a substantial proportion of which are sold under its own registered trade mark "Norfolk Manor."

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• comment

Since the advent of the mini-bird, which has made producers less dependent on the Christmas market and with real prices spiralling while turkey prices have fallen, the turkey market has shown outstanding growth.

Since 1962 the U.K. consumption of turkeys has risen from 54m. 13m. While Bernard Matthews has reaped the benefit of this higher volume, and with improved feeding methods—30 per cent of production costs of turkeys are now being covered by trading profits, dividends are also rising. The growth of 10 per cent previously.

Returns for the first quarter are comparable to those of the corresponding period, but reflect the sluggish state of trade at this time of the year. Unless a substantial general downturn in the double jersey industry occurs, the Board expects that net profits for the current year will exceed last year's results.

As reported on October 22, group profit before tax for the year ended June 30, 1971, was up from £46,228 to £51,233, and against a forecast of 45 per cent, the total dividend is 4½ per cent.

The year was one of deliberate trading-up and development of the versatility of products coupled with the consolidation of production, marketing and financial resources.

Meeting, Manchester, December 8, at noon.

• comment

It is difficult to come to any conclusions about Fidelity Radio's profits up to the period ending March 1970, since these have been affected by factory moves and an odd pricing policy. But in 1970-71, judging by the forecast in the current year FR has cashed in what must be described as a question-mark against the quality of earnings, although it is fair to say that the company is now using live vaccines, which are expected to reduce health risks. However, the rating appears to be adequately discounting the volatile state of the business.

On 1970-71 profits, the Board is likely to move to a move to a more aggressive policy, and the directors' estimate of future losses incurred in completing certain of the long-term contracts entered into between March 31, 1970, and March 31, 1971, seems something to go for.

Prospectus Pages 10 & 11

SOUTH AFRICAN BONDS

INTERNATIONAL COMPANY NEWS + EURO MARKETS

If IET was abolished...

BY WILLIAM LOW

IT IS SOMEWHAT ironic that the diverted to New York. Although new-found confidence in the dollar has not only provided the Eurobond market with a much-needed boost, but also may mark the beginning of the end of the Eurobond market as it is currently constituted.

A growing number of international bankers are giving serious thought to what will be the effects of a recovery in the U.S. balance of payments position.

Should the U.S. move into a healthy surplus, the U.S. Government may well decide to abolish both the Interest Equalisation Tax (IET) and the Office of Foreign Direct Investment (OFDI).

The introduction of IET in 1963 effectively closed the New York capital market to foreign borrowers who, until then, had been using long-term dollar financing in Europe. It was this tax which was responsible for the birth of the Eurobond market. OFDI regulations, which restrict the use of the speech referred to the difficulty, Honeywell would have been able to make any comment.

This information, if true, is not available in the Eurobond prospectus. It is certainly true that the earnings statement, as attributed

to the Honeywell officer, was not printed in the prospectus. According to the managers (headed by White Weld), the company is forbidden by U.S. law to make a forecast even if the offering is done outside the U.S. In addition, the managers maintain that from the information contained in the prospectus it was evident that the 1970 earnings would not be repeated this year.

Two points of interest emerge from this dispute. First, it should be possible for U.S. companies to issue Eurobonds to make forecasts as regards earnings. Secondly, investors should read a prospectus more carefully.

It is also debatable whether an officer of a company which is raising funds should make such statements. Had the loan been a domestic one, then the company and its officers would have been forbidden to make any comment.

There is a case for this rule being extended to offshore offerings in the chemical sector.

Henkel signs pact with USSR

By Christopher Lorenz

FRANKFURT, Nov. 14. HENKEL, the privately-owned West German detergent and plastics company, has signed a technical and economic co-operation agreement with the Soviet State Committee for Science and Technology. This is claimed to be the first West German-Soviet

agreement to exchange information in the consumer goods field. It covers co-operation in the detergents and glues sector and foresees joint research and development, together with the exchange of licences.

Henkel said to-day that the deal should not be seen as a one-way affair. The Soviet side had plenty to offer, particularly in the chemical sector.

IN BRIEF

• BANCO DI ROMA, Commercial and Credit Lyonnaise point out that the new office opened in Sydney by the banks' group is a representative office and not a branch. It was wrongly reported last week that the banks had opened a Sydney branch.

• STE DES RAFFINERIES ET SUCERERIES D'AIX consolidates net sales rose to Frs.24m. in the year to last September 30 from Frs.72m. in 1969-70. Parent company sales advanced to Frs.724m. from 69m.

• INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION declared a quarterly dividend of 25c per share on common stock payable on January 15, 1972, on record December 20. Dividend is at annual rate of \$1.15 per share.

• ESSO STANDARD French subsidiary of Standard Oil (New Jersey) said sales rose to Frs.32.1m. in first three quarters from Frs.24.2m. in same period last year.

• SHELL FRANCAISE net sales in first nine months this year rose to Frs. 3.225m. (2.519m.).

• CIMENT LAFARGE net sales in first nine months advanced slightly to Frs. 3.125m. (3.011m.).

• NIPPON FUJOSAN BANK will increase its capital from the present Yen 15,000m. to Yen 30,000m. early next year. New capital stock will be allotted to shareholders as of January 20 next year at the rate of two new shares to three old shares, with payment to be completed by March 30. Bank's stock par value is Yen 500.

• CHRYSLER FRANCE (formerly Simca) said net sales rose to Frs.2.782m. in first nine months (2.151m.).

• DEUTSCHE BANK AG will increase its capital from the present Yen 15,000m. to Yen 30,000m. early next year. New capital stock will be allotted to shareholders as of January 20 next year at the rate of two new shares to three old shares, with payment to be completed by March 30. Bank's stock par value is Yen 500.

• CREDIT INDUSTRIEL ET COMMERCIAL UNION (CIC) said net sales rose to Frs. 2.152m. (1.951m.).

• COMMERCIAL BANK OF HARDIE ACHATES, and Herald & Weekly

A copy of this Offer for Sale having attached thereto the documents specified below has been delivered to the Registrar of Companies for registration.
Application has been made to the Council of The Stock Exchange, London, for permission to deal in and for quotation for the whole of the Ordinary Share Capital of the Company, issued and to be issued.

The Application Lists for the Ordinary Shares now offered for sale will open at 10 a.m. on 18th November, 1971, and will close on the same day.

OIL EXPLORATION (HOLDINGS) LIMITED

(Incorporated in England under the Companies Acts 1948 to 1957)

Authorised

£600,000 in 6,000,000 Ordinary Shares of 10p each

At the close of business on Monday, 25th October, 1971, the total indebtedness of the Company and Oil Exploration Limited (which will become the Company's subsidiary upon permission to deal in and for quotation for the whole of the issued share capital of the Company being granted by The Stock Exchange, London) in respect of bank overdrafts and loans amounted to £228,794, all of which was unsecured. Save as aforesaid and apart from inter-company borrowings, neither the Company nor Oil Exploration Limited has outstanding debentures, bank overdrafts or other similar indebtedness, mortgages, charges, hire purchase commitments or (other than in the ordinary course of business) any other material contingent liabilities.

SHARE CAPITAL

**Issued and to be
Issued Fully Paid
£600,000**

Ionian Bank Limited

Offer for Sale 1,500,000 Ordinary Shares of 10p each at 40p per share

(Payable in full on application)

Copies of this Offer for Sale (incorporating Application Form) may be obtained from:

IONIAN BANK LIMITED, 64 Coleman Street, London EC2R 5BD; and

JOSEPH SEBAG & CO., 3 Queen Victoria Street, London EC4N 8DX, and 6 Bruton Street, London W1X 7AG.

Applications (which must be for a minimum of 200 Ordinary Shares or multiples thereof up to 1,000, or in multiples of 500 between 1,000 and 5,000, or in multiples of 1,000 between 5,000 and 10,000, and above 10,000 in multiples of 5,000) must be made on the application forms provided and be lodged with Ionian Bank Limited, New Issues Department, 25/31 Moorgate, London EC2R 6BA, together with a remittance for the full amount payable. Each application form must be accompanied by a separate cheque, drawn on a bank or a branch thereof in England, Scotland or Wales, and must be made payable to "Ionian Bank Limited" and crossed "Not Negotiable". All cheques may be presented for payment on receipt. Completion and delivery of an application form accompanied by the necessary cheque will constitute an undertaking that the cheque will be honoured on first presentation and attention is drawn to the declaration in the application form to the effect that the applicant understands this to be the case. If any application is not accepted the amount paid on application will be returned in full and if an

application is accepted for fewer shares than the number applied for, the balance of the amount paid on application will be returned, in each case by cheque through the post at the applicant's risk. The right is reserved to reject any application or to accept any application in part only and in particular to reject multiple or suspected multiple applications.

Arrangements have been made for the registration by the Company of the shares now offered free of stamp duty and registration fees. In the names of the purchasers or of the persons in whose favour Letters of Acceptance have been renounced, provided that in cases of renunciation Letters of Acceptance (duly completed in accordance with the instructions contained therein) are lodged for registration not later than 7th January, 1972. Share Certificates will be ready for issue on and after 4th February, 1972.

Acceptance of applications (including underwriting applications) will be conditional upon the Council of The Stock Exchange, London, granting permission to deal in and for quotation for the whole of the Ordinary Share Capital of the Company (issued and to be issued) not later than 24th November, 1971. Money paid in respect of applications will be returned if such permission and quotation are not granted by that date, and in the meantime will be retained in separate accounts.

The Ordinary Shares now offered will rank for all dividends hereafter declared or paid on the Ordinary Share Capital of the Company.

Directors

SAMUEL HAMBURGER (Chairman), 20 Frogner Way, London NW3
THE HON. EDWARD DAVID GRANT DAVIES, Cogenfield, Tregynon, Newtown, Montgomeryshire
MALCOLM HUGH DEES MCALPINE, Highfields, Whitchurch, Hereford, Herefordshire
THE HON. CHRISTOPHER LIONEL BALIOL BRETT, Watlington Park, Watlington, Oxfordshire

Secretary and Registered Office
IONIAN BANK LIMITED, 64 Coleman Street, London EC2R 5BD

Bankers

IONIAN BANK LIMITED, 64 Coleman Street, London EC2R 5BD
LLOYDS BANK LIMITED, 15 Cheapside, London EC2V 6AJ

Solicitors to the Company and to the Offer

ALLEN & OVERY, 9 Cheapside, London EC2V 6AD

Auditors and Reporting Accountants

SPICER AND PEGLER, Chartered Accountants, 56-60 St. Mary Axe, London EC3A 8BJ

Brokers

JOSEPH SEBAG & CO., 3 Queen Victoria Street, London EC4N 8DX
and THE STOCK EXCHANGE, LONDON

Registrars

BARCLAYS BANK TRUST COMPANY LIMITED, Registration and New Issues Division, P.O. Box 123,
2 London Wall Buildings, London Wall, London EC2P 2BU

The following is a copy of a letter addressed to Ionian Bank Limited by the Chairman of the Company.

12th November, 1971.

Gentlemen

In connection with your Offer for Sale of 1,500,000 Ordinary Shares of 10p each of Oil Exploration (Holdings) Limited ("the Company"), I have pleasure in giving you the following information.

HISTORY AND BUSINESS OF THE COMPANY

The Company is a public company and on 7th October, 1971, offered to acquire the entire issued share capital of Oil Exploration Limited ("OE") on a share exchange basis. At the date hereof the offers have been accepted in respect of more than 98% of both the Preference and Ordinary Shares of OE and have been declared unconditional subject only to allotment and to quotation being granted by The Stock Exchange, London in respect of the shares of the Company to be issued pursuant to the offers. The Company intends to operate the provisions of Section 209 of the Companies Act 1948 to acquire the outstanding shares of OE which will then become a wholly owned subsidiary of the Company. The Company has similar objects to those of OE mentioned below.

HISTORY AND BUSINESS OF OE

OE was incorporated as a private company on 27th February, 1964 and was converted into a public company on 22nd December, 1965, although no part of its capital has been quoted or dealt in on any Stock Exchange. The principal object of OE is to apply for concessions or licences to explore for and develop oil and natural gas deposits throughout the world, but in particular on the continental shelf of the North Sea. On 2nd July, 1964, OE entered into an agreement ("the Operating Agreement") with Phillips Petroleum Company ("Phillips") and others under which a consortium ("the Consortium") was formed with Phillips as Operator to apply for licences and explore for oil and natural gas in the U.K. sector of the North Sea. The members of the Consortium together with their participating percentages are as follows:-

	%
Phillips Petroleum Exploration U.K. Limited, a subsidiary of Phillips	35.00
Fina Exploration Limited, a subsidiary of Petrofina S.A.	30.00
AGIP Limited, a subsidiary of AGIP S.p.A.	15.00
Century Power and Light Limited, a subsidiary of Imperial Continental Gas Association	7.22
Plascom (1969) Limited, a subsidiary of Tarmac Limited	4.28
Halkyn District United Mines Limited, a subsidiary of Courtaulds Limited	4.25
OE	4.25

At about the same time Phillips formed other consortia of which OE is not a member to explore in areas of the North Sea outside the U.K. sector.

The terms of the Operating Agreement (and subsequent amendments thereto) enable OE as a member of the Consortium to participate within a defined area ("the Contract Area") in any exploration programme or application for licences. The Contract area consists of the entire U.K. sector of the North Sea south of 59° and north of 51° with the exception of certain blocks in respect of which OE elected in January, 1970, not to participate in applying for licences (Contract No. (1) below). The Operating Agreement further provides that no member of the Consortium may attempt to acquire licences or concessions independently. Each member has the right to elect not to participate in the acquisition of a particular licence or concession, in which case its participating percentage is to be shared by the other members. If the members cannot agree as to the basis of acquiring a particular licence or concession, each of the parties has the right to apply or negotiate independently. Phillips as Operator is responsible to the Consortium for the management of all exploration and development activities subject only to the overall authority of the Operating Committee, on which all members of the Consortium have a vote proportionate to their participating percentage. Each member of the Consortium provides a share of all exploration and development expenses in proportion to his participating percentage, and in accordance with expenditure budgets laid down from time to time by the Operating Committee. Similarly, each member of the Consortium has a right to his undivided proportionate share of any gas or oil which is discovered. No charge is made by Phillips for technical expertise and know-how other than the cost of salaries, pay roll expenses and overheads attributable to the Consortium activities.

Since the Operating Agreement was signed the members of the Consortium including OE have been awarded a number of production licences under the Continental Shelf Act 1964. These licences originally covered a total of 25 blocks, the majority of approximately 240 sq. kms. each, on which a total of 20 "wildcat" or exploration wells have been drilled. A number of these blocks and parts thereof have now been relinquished under the terms of the licences.

In May, 1968, the Consortium's first well was completed and significant quantities of gas were discovered in a structure known as "Ann". Subsequent drilling however established that these quantities were not sufficiently large to warrant commercial development or, at any rate, not at the prices currently obtainable from the Gas Council, to whom all natural gas discovered in the U.K. sector of the North Sea must be offered for sale.

In February, 1967 the Arpet Group discovered natural gas in a block about 18 miles north east of Bacton on the Norfolk coast. Subsequent drilling by the Consortium in an adjacent block to the south east revealed the existence of a substantial gas field, now known as the Hewett Field.

In March, 1968, after protracted negotiations, the Consortium entered into a long-term contract with the Gas Council for the sale of gas from the Hewett Field. This was the first such contract to be negotiated by any of the companies exploring in the North Sea.

Early in 1969 the members of the Consortium signed a "unitisation" agreement with the members of the Arpet Group under which the field is being developed as a single entity by Phillips acting as Operator and the net proceeds divided. 54.2 per cent. to members of the Consortium and 45.8 per cent. to the members of the Arpet Group. This gives OE a 2.03892 per cent. interest in the whole Hewett Field. Whilst the negotiations for these contracts were in progress, the Consortium and the Arpet Group were proceeding with the development of the Hewett Field facilities. These involved the construction of fixed platforms for development wells, the laying of a 30-inch pipeline to shore and the construction of a plant at Bacton to process the gas before delivery to the Gas Council's plant nearby. By the summer of 1969 the major part of these facilities had been installed and delivery of gas to the Gas Council began on 12th July in that year. Meanwhile the Consortium had discovered further reserves of gas in areas some 5-10 miles north of the Hewett Field which extended into an area licensed to the Arpet Group; these reserves were also unitised with the Arpet Group on the same basis as the Hewett Field and, after further lengthy negotiations, terms were agreed with the Gas Council in April, 1971, for the sale of the recoverable reserves in those areas on substantially the same conditions as those of the main Hewett Field contract. The same facilities will be used to transport and deliver the gas.

Under the terms of the Gas Council contracts, the Gas Council has undertaken to purchase the entire estimated recoverable reserves of the Hewett and North of Hewett Fields ("Hewett") over a period of up to 25 years. Up to September, 1975, the members of the Consortium together with the members of the Arpet Group have undertaken to produce certain minimum annual quantities, and the Gas Council has undertaken to pay for such minimum quantities. Hewett reserves are to be redetermined by the 1st January, 1974, and from October, 1975, minimum annual quantities will be based on such redetermination of reserves. Hewett will not, in any event, reach full production until 1974 and based on operating experience to date, the Consortium and the Arpet Group expect it to remain on full production for between five and eight years thereafter and that to taper off gradually until production ceases to be economic by 1994. The contracts with the Gas Council also provide some degree of protection against monetary inflation by means of revisions at three-yearly intervals of the initial sale price based on indices reflecting changes in industrial costs and in the prices of competitive fuels. The first such revision will take place in 1972.

Since the beginning of 1970 a number of important oil discoveries have been made in the North Sea. In May of that year, Phillips, as Operator for another consortium of which OE is not a member, discovered the Ekofisk Field in Norwegian waters, which, on the basis of its estimated reserves, appears to be one of the largest off-shore fields in the world; in October, 1971, BP and Shell-Essoc having drilled in adjacent blocks in the U.K. sector announced the discovery of a major oil reservoir known as the Forties Field.

In September, 1970, the Consortium of which OE is a member discovered oil in the U.K. sector about 25 miles west of Ekofisk on a structure known as "Josephine". Owing to technical difficulties the find could not be properly tested. The Consortium plans to drill at least one further well in 1972 to ascertain the importance of this discovery.

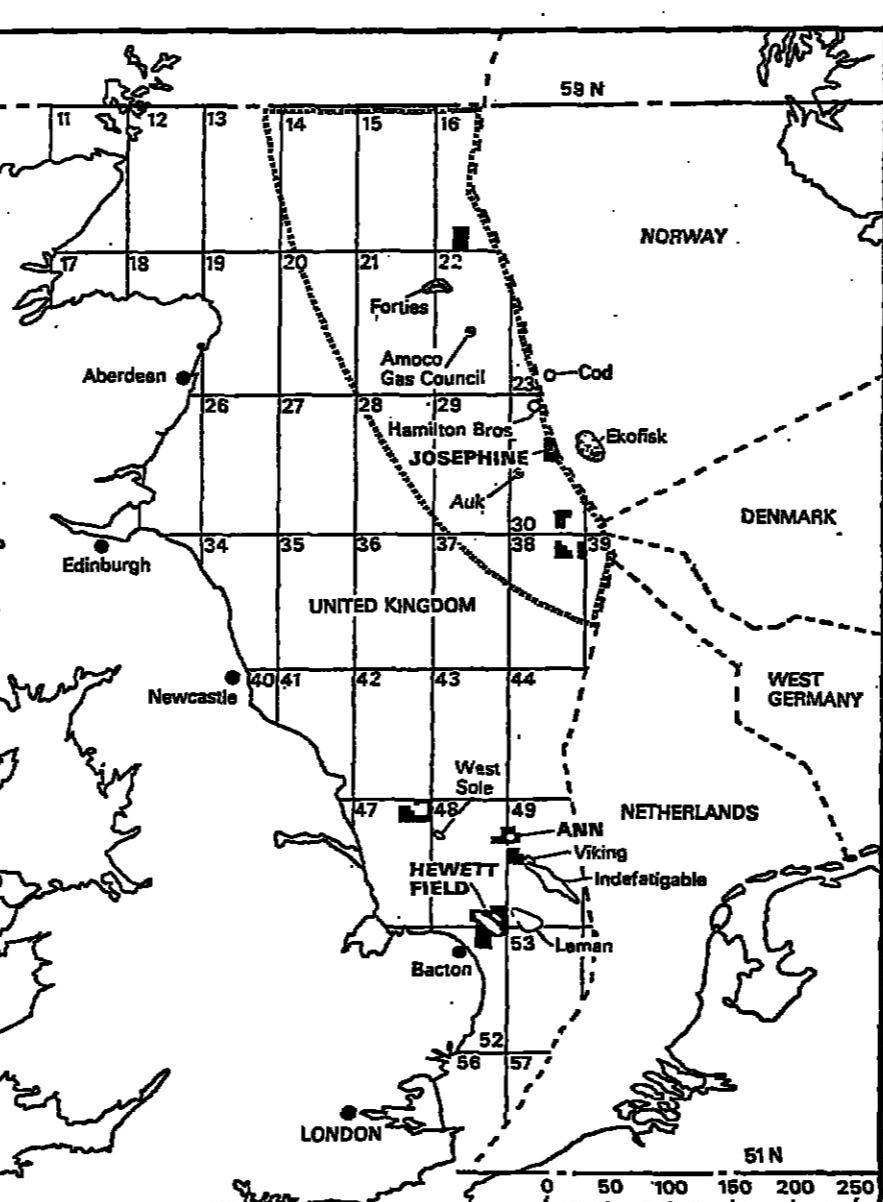
In August, 1971, OE as a member of the Consortium participated fully in the Consortium's applications within the Contract area for licences which were offered at that time by the Department of Trade and Industry ("the DTI"). Fifteen "premium" blocks were offered for licence by means of tender. The Consortium submitted tenders for three of these and was awarded one—block 16/27, for which the Consortium's successful tender was £637,666. OE's 4.26 per cent. share being £27,165. At the same time, the Consortium applied for a total of 22 other blocks, all of which are within the area indicated on the map. The outcome of these applications will probably not be announced until early in 1972, at which time licences will be awarded mainly on the basis of exploration programmes negotiated with the DTI, no "premium" being payable.

OE's present interests in the U.K. sector of the North Sea can be summarised as follows (see map):—

A 2.03892 per cent. interest in the following blocks which contain Hewett:—
48/28 (part) 52/4
48/29 (part) 52/5 (part)
48/30

A 4.26 per cent. interest in the following blocks:—
16/27 (The "premium" block referred to above) 47/4 (part)
30/13 (Josephine) 47/5 (part)
30/29 (part) 48/10 (part)
38/4 (part) 49/6 (part)
38/5 (part) 49/11 (part)

A 4.26 per cent. interest in the applications mentioned above for 22 blocks.



Areas in which OE has an interest through its participation in the Consortium

Oil fields

Oil discoveries

Gas fields

Gas and gas condensate discoveries

Boundary of area within which OE applied for 22 blocks in August, 1971

(This map is for the purpose of illustration only and all boundaries and positions marked thereon are approximate.)

MANAGEMENT

All the Directors of OE were appointed Directors of the Company on 28th September, 1971. All the Directors of OE and the Company are non-executive Directors, and receive no remuneration.

I am aged 63, and have been Chairman of OE since its formation. I am a director of Ionian Bank Limited.

The Hon. E. D. G. Davies, aged 46, was appointed a Director of OE on 24th November, 1964. He is Chairman of National Carbonising Co. Limited, and a director of other companies.

Mr. M. H. D. McAlpine, aged 54, was appointed a Director of OE on 24th November, 1964. He is a director of Sir Robert McAlpine & Sons Limited and other companies.

The Hon. C. L. B. Brett, aged 34, was appointed a Director of OE on 30th July, 1969. He is a director of Ionian Bank Limited and other companies.

Under a Management agreement expiring in 1974, Ionian Bank Limited manages and conducts OE's business, provides office and secretarial facilities and advises on financial matters. Accordingly, neither the Company nor OE has any executive or other staff.

Since shortly after its formation OE has had available, when required, the services of D. T. C. Richards, a petroleum exploration consultant.

WORKING CAPITAL

In general it is the Directors' policy to finance Hewett development expenditure and all exploration expenditure out of the Company's existing cash flow. So far as other development expenditure is concerned, it is not practicable at this stage to estimate the amounts which might be involved but having regard to the continuing cash flow arising from Hewett and to the fact that no development would be contemplated unless the Consortium had fully proved a new oil or gas field, the Directors believe that suitable arrangements could, if necessary, be made to enable the Company to finance its share of development expenditure.

On this basis and taking into account the net proceeds, estimated at £370,000, of the issue of 1,050,000 of the above Ordinary Shares, the Directors are of the opinion that the Company will have sufficient working capital for its foreseeable requirements.

PROFITS, PROSPECTS AND DIVIDENDS

The Accountants' Report in the Offer for Sale indicates the results over the first seven years of OE's operations during which time it has been exploring for oil and gas and since 1969, developing the Hewett Field. The losses in the early years are almost entirely due to OE's practice of writing off exploration expenditure in the year in which it is incurred.

Sales of natural gas began in July, 1969, and these sales constitute in the present time OE's only material source of income. In the two years ended 30th September, 1970 and 1971, gas sales were 105% and 115% respectively of the minimum annual quantities under the Gas Council contract. In the year 1970 OE made a profit for the first time, and in the six months ended 30th June, 1971, it made a profit of £117,000 before charging net interest payable and exploration expenditure, and £96,000 after.

As set out above, sales of gas from Hewett are expected to increase substantially during the year 1972 to 1974 and to reach plateau at this point, followed by a gradual decline from about 1980 to 1985, by which time due to reserve depletion, sales will have been exhausted. The Directors anticipate that, subject to any unforeseen circumstances, the average annual net profits before tax of OE arising from Hewett for the six years from 1974 to 1979 will be approximately £400,000. The corresponding figure



INTERIM STATEMENT

UNILEVER N.V.

DIVIDENDS ON CERTIFICATES FOR ORDINARY SHARES

Issued by

N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR

An interim dividend in respect of the year 1971 of FL 2.51 per FL 100 nominal amount of Ordinary Capital of Unilever N.V. has been declared. This dividend is equivalent to the interim dividend in respect of the year 1971 declared on the Ordinary Capital of Unilever Limited calculated in accordance with the Equalisation Agreement referred to below.

A similar dividend will be paid to holders of the above Certificates on and after 16th December, 1971 as follows:

INTERESTS FOR SUB-SHARES OF FL 100 IN THE NAME OF MIDLAND BANK EXECUTOR AND TRUSTEE COMPANY LIMITED

The dividend is equivalent to FL 1.306 per Sub-share and will be paid against Serial No. 57. Having regard to the tax on Dutch dividend tax given by certain Conventions concluded by the Netherlands for the avoidance of double taxation, the sterling amount payable per Sub-share is as follows:

Where the Sub-shareholder is a resident of:-			
The United Kingdom		Any other country and in all other cases	
and the shares are effectively connected with a business carried on in the permanent establishment in the Netherlands - See Note (b) See Note (b)		The net amount payable per sub-share to shareholders who produce an Inland Revenue affidavit of non-residence is shown according to the rate of Dutch dividend tax deducted - See Note (c)	
new pence	new pence	new pence	new pence
FL 100.00 (Converted at FL 1.306=£1) Dutch Dividend tax 25% FL 0.2525 (15%) FL 0.2295 per sub-share	10.0000 1.3064 1.2515	10.0430 4.1517 2.7093 (25%)	10.0530 0.7143
as United Kingdom Income Tax at 2.75% of the gross dividend	11.5336 1.2500	11.5473 (6)	11.5326 (6)
amount payable per Sub-share	9.2575 11.0456	11.5473 11.3036	11.0530

- (a) In each case Dutch dividend tax is deducted at 25% and from the balance the U.K. paying agent deducts 2.75% of the gross amount. In the Netherlands the 25% dividend tax suffered will be allowed as a credit against the tax payable on the profits of the establishment.
- (b) Under the Anglo-Dutch Convention such shareholders are entitled to a reduction in Dutch dividend tax from 25% to 15%. On collection of the dividend in the U.K. the paying agent deducts tax of 2.75% of the gross amount. This represents a credit against the standard U.K. rate of 25.75% for the 15% Dutch dividend tax already deducted.
- (c) Shareholders resident in Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, the Netherlands Antilles, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, or the United States of America may be entitled to full or partial relief from Dutch dividend tax. A statement of the procedure which must be followed for such relief can be obtained from Midland Bank Limited, New Issue Department, Austin Friars, London, EC2P 2HU or the London Transfer Office, Unilever House, Blackfriars, London, EC4 4BQ.
- (d) An Inland Revenue Affidavit of non-residence in the United Kingdom must be produced.

To obtain payment of the above dividends, sub-share certificates must be lodged for marking with one of the following:

Midland Bank Limited, New Issue Department, Austin Friars House, Austin Friars, London EC2P 2HU.

Royal Bank of Ireland Limited, Securities Department, 3/4 Foster Place, Dublin.

Overseas Bank Limited, 39 St. Vincent Street, Glasgow.

Certificates must be issued on a special form obtainable from the above named banks and left five clear days for initiation.

As evidence of payment Certificates will be endorsed under date 16th December, 1971.

DUTCH CERTIFICATES OF FL 100.00 AND FL 100

Having regard to the double taxation Conventions referred to above the amounts payable per Certificate are as follows:

Where the Certificate holder is a resident of:-			
The United Kingdom		Any other country and in all other cases	
and the shares are not effectively connected with a business carried on through a permanent establishment in the Netherlands - See Note (b) above		The net amount payable is shown according to the rate of Dutch Dividend tax, if such tax is due - See Notes (b), (c) and (d) above	
of certificate of	FL 100.00	FL 100.00	FL 100.00
as amount of dividend	FL 100.00	FL 100.00	FL 100.00
as Dutch dividend tax	12.50 (15%) 18.00	12.50 (25%) 31.30	12.50 (25%) 31.30
amount payable per Certificate	86.47	94.12	9.01

The dividend will be paid against surrender of Coupon No. 57. Coupons can be encashed through Midland Bank Limited, New Issue Department, Austin Friars House, Austin Friars, London EC2P 2HU or through one of the partners in the Netherlands.

Coupons encashed through Midland Bank Limited must be listed on a special form obtainable from that Bank which contains a declaration that the Certificate to which the coupons relate do not belong to a resident of the Netherlands.

A statement of the procedure which must be followed when coupons are encashed through a paying agent in the Netherlands can be obtained from Midland Bank Limited, New Issue Department, Austin Friars House, Austin Friars, London, EC2P 2HU.

The proceeds from the encashment of coupons through a paying agent in the Netherlands will be credited to a特别账户 with a bank or broker in the Netherlands.

N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR
London Transfer Office, Unilever House, Blackfriars, London, EC4 4BQ.
November, 1971.

DIL EXPLORATION (HOLDINGS) LIMITED — continued

9. The turnover being the proportion of the Consortium's gross sales of gas and natural gasoline applicable to O.E. or the 18th months ended 31st December, 1965 (the period in which sales first arose), was £24,718, in the year ended 31st December, 1970, £192,443, and in the half-year ended 30th June, 1971, £167,740.

NET TANGIBLE ASSETS 10. The net tangible assets attributable to Holdings as shown by the audited accounts of O.E. as at 30th June, 1971 after taking account of the net proceeds of the proposed issue of 1,050,000 shares by Holdings were:

FIXED ASSETS	
Exploration expenditure to 30th June, 1971, less investment grants	484,814
Less: Amounts written off	454,514
Development expenditure after deduction of investment grants (see paragraph 11 below)	478,252
Less: Depreciation	17,820
CURRENT ASSETS	458,432
Stocks and tools (see paragraph 11 below)	12,858
Investment grants receivable	7,115
Debtors	28,374
Bank balances	81,906
Less CURRENT LIABILITIES	130,253
Creditors and accrued charges	51,288
Taxation (see paragraph 12 below)	16,857
NET CURRENT ASSETS	67,955
Less: SHORT TERM LOAN (see paragraph 14 below)	52,297
Proceeds of the proposed issue of 1,050,000 shares less estimated expenses	280,000
NET TANGIBLE ASSETS	370,000

11. Development expenditure and stocks and tools represent O.E.'s proportionate interest in the Consortium's total expenditure on these assets.

12. The Company incorporates a provision for a potential liability which will arise if the contention of the Interim Revenue as to the date of commencement of trade is sustained. Negotiations are currently taking place to establish this date of commencement of trade which O.E. submits to have been May, 1965, when gas was first delivered, and the Interim Revenue submit to have been July, 1965, when gas was first sold. Losses for tax purposes are not yet finally agreed with the Interim Revenue but are estimated to amount to not less than £380,000 at 30th June, 1971, of which approximately £70,000 is represented by tax allowances in respect of capital expenditure.

13. A sum of £1,000,000 is included in the above statement of net tangible assets for costs, estimated to amount to £1,500, relating to the offers by Holdings to acquire the whole of the issued share capital of O.E.

14. At 30th June, 1971, O.E. had a short-term loan of £280,000; this has subsequently been repaid and now has long-term loan facilities amounting to £250,000 negotiated.

15. According to Phillips' long-term projection of capital requirements, O.E.'s share of further development of leeward during the next 10 years is estimated to approximate £1,000,000, of which the Hewett Unit Operating and Research Department is estimated to require £1,000,000, the remainder to be met by the Company and industry for further exploration licences. A licence in respect of one block, 16/27, will be granted to the Consortium as a result of tender of which O.E.'s share is £27.65, which will be capitalised and written off in the year ending 31st December, 1971. The result of other applications will probably not be known until early in 1972.

16. O.E. has paid no dividends.

17. No audited accounts have been prepared in respect of Holdings since its incorporation or in respect of O.E. for any period subsequent to 30th June, 1971.

Yours faithfully,
SPICER AND PEGLER,
Chartered Accountants.

STATUTORY AND GENERAL INFORMATION

Share Capital The Company, having been incorporated in England on 22nd September, 1971 as a private company and converted into a public company on 12th November, 1971, has an authorised share capital of £500,000, divided into 5,000,000 Ordinary Shares of 10p each, of which 1,050,000 are intended to be issued and fully paid up as a result of this Offer or Sale and 4,950,000 are intended to be issued creditably as fully paid up as a result of the Offers mentioned below.

In 7th October, 1971, the Company made offers to the shareholders of OE (Contract No. 2) below, to acquire the whole of the issued share capital of OE in exchange for shares in the Company.

Subject to the fulfilment of the conditions referred to above under the heading "History and Business of the Company", OE will become the sole subsidiary of the Company. OE was incorporated in England on 27th February, 1964, and has an issued and fully paid share capital consisting of £500,000, divided into 5,000,000 10p per cent Non-Accumulative Redeemable Preference Shares of 10p each and 5,000,000 Ordinary Shares of 10p each.

On 21st November, 1971, the Company passed Special Resolution to:

(a) authorising the authorised capital of the Company from £100 to £500,000 by the creation of 5,000,000 Ordinary Shares of 10p each;

(b) converting the Company into a public company; and

(c) adopting new Articles of Association.

Offer for Sale Contract

Under Contract No. (3) below IONIAN BANK LIMITED have agreed, subject to allotment and subject to permission to deal and a quorum for the whole of the Ordinary Shares of the Company (issued and to be issued) being granted by the Council of the Stock Exchange, London, not later than 24th November, 1971, to:

(1) purchase from the Vendee named therein a total of 450,000 Ordinary Shares of 10p each in the Company at 40p per share;

(2) subscribe for 1,050,000 Ordinary Shares of 10p each in the Company at 39p per share;

for payment of which the Vendee will be required to pay to the Company a sum equivalent to the amount of the purchase price plus a sum equal to the difference between the 40p per share and the 39p per share.

The expenses being borne by the Company are estimated at £35,500. Various underwriting agreements have been entered into by IONIAN BANK LIMITED to which the Company is not a party.

IONIAN BANK LIMITED will pay an underwriting commission of 1% per cent., a fee to the brokers and ad valorem stamp duty on the transfers to the public under this Offer for Sale of the 1,050,000 Ordinary Shares referred to in (1) above.

Articles of Association

The Articles of Association of the Company contain provisions (*inter alia*) to the following effect:

Subject to any special rights attaching to a class of shares in person or by proxy shall be entitled to vote for every share held by him.

The Directors shall be paid out of the funds of the Company by way of remuneration for their services as Directors such sum not exceeding £10,000 per annum as the Directors may from time to time determine and such remuneration shall be divided among the Company apart from time to time in General Meeting determined and such remuneration may be varied.

The Directors may agree to be bound by a clause in the Articles of Association to the effect that they shall not receive any remuneration resulting from the services of the Directors or of committees of the Directors, or

from any other body or persons by whom they may be employed.

The Directors may be entitled to receive a reasonable travelling, hotel and other expenses

in connection with attending and returning from meetings of the Directors or of committees of the Directors, or

General Meetings for which they may otherwise incur in or about the business of the Company.

COMPANY NEWS

No profit from Black Clawson

AT BEST there will not be a profit for Black Clawson International in 1971, and the directors will not recommend a dividend.

For the first half the company has incurred a loss of \$95,000, against \$110,000 in the nine months to June 30, 1970. In the 15 months to end-MID 1970 the company made a profit of \$24,000 and paid a dividend of 2½ per cent—the U.S. parent company waived right to its entitlement.

This year began with an extremely high order book, but as a result of the depression in the economy, and particularly in the pulp and paper industry, the rate of incoming orders has fallen off drastically. This has inevitably led to a low work load for the factory. The directors have already announced a major redundancy as part of the action required to meet the situation.

The closure of the Croydon office and the move of the sales department and design and drawing offices to a new unit will be completed by the end of the month. The reduced expenditure that will follow is part of the overall plan of cost reduction.

A small second half profit by Lloyd Rakusen (makers of pure foods) reduced the loss for the year to June 30, 1971 to £36,420 after a £36,550 (£37,988) deficit at half-way.

The loss takes into account the increased rate of depreciation on existing assets, which would have given a comparable loss for 1969-70 of £23,000. As referred to in the interim statement £62,770 has been written off plant and machinery and office equipment.

The dividend is again omitted. The previous payment was 6 pence for 1968-69.

Application has been made to the Council of The Stock Exchange, London for permission to deal in and for quotation for the whole of the share capital, issued and now being issued, of the Company. The Application List for the Ordinary shares now offered will open at 10 a.m. on 18th November, 1971 and may be closed at any time thereafter on the same day.

SINGER & FRIEDLANDER LIMITED

Offer for Sale 1,050,000 Ordinary shares of 10p each at 84p per share

Payable in full on application of

ALIDA PACKAGING CO. LIMITED

(Alida)

SHARE CAPITAL

Authorised

£400,000 in 4,000,000 Ordinary shares of 10p each

Issued and now being issued fully paid

£300,000



The Ordinary shares now offered rank in full for all dividends hereafter declared or paid on the issued ordinary share capital. Alida has outstanding a secured bank overdraft which on 1st November, 1971 amounted to £162,123, secured loans of £71,805 (of which £60,000 is to be repaid out of the net proceeds of the issue of shares referred to below) and hire-purchase commitments which on the same date aggregated £43,594. Save as aforesaid, and apart from inter-company transactions, neither Alida nor any subsidiary has outstanding any bank overdrafts or other similar indebtedness, loan capital, mortgages, debentures, charges, hire-purchase commitments or (save in the ordinary course of business) any material guarantees or other material contingent liabilities.

Applications (which must be for a minimum of two hundred shares and in multiples of one hundred shares up to two thousand shares, in multiples of one thousand shares up to twenty thousand shares, and thereafter in multiples of five thousand shares) must be made on the Application Form provided and forwarded to Singer & Friedlander Limited, New Issue Department, Walker House, 87 Queen Victoria Street, London, EC4V 4AN to arrive not later than 10 a.m. on 18th November, 1971. Each Application Form must be accompanied by a separate cheque (drawn on a bank or branch thereof in England, Scotland or Wales) in respect of the full amount payable on application made payable to Singer & Friedlander Limited and crossed "Co. Not Negotiable". No application will be considered unless the above conditions are fulfilled.

Singer & Friedlander Limited reserves the right to present all cheques for

Copies of this Offer with Application Forms can be obtained from:-

Singer & Friedlander Limited

New Issue Department, Walker House, 87 Queen Victoria Street, London EC4V 4AN
123 Hagley Road, Edgbaston, Birmingham B16 8LP
Westminster House, Park Row, Leeds LS1 5BQ
38 Bridlesmith Gate, Nottingham NG1 2GQ
14 St. Vincent Place, Glasgow G1 2EU

L Messel & Co.

Winchester House, 100 Old Broad Street, London EC2P 2HX

National Westminster Bank Limited
34 Bath Street, Ilkeston, Derbyshire DE7 8GW
28 Irongate, Derby DE1 3HP
16 South Parade, Nottingham NG1 2JX

A copy of this Offer for Sale, having attached thereto the documents specified below, has been delivered to the Registrar of Companies for registration.

THE INDUSTRY

Low-density polythene is the principal material used in plastic packaging. The table below shows the growth in consumption of low-density polythene in the United Kingdom since 1965. Polythene is hygienic, durable, water-proof, flexible and transparent; it is also easy to use, store and handle and can compete in price with other packaging materials. The intrinsic qualities of polythene as a packaging material suggest that much of this growth has been obtained at the expense of more traditional materials such as paper and board and that growth will continue at a substantial rate.

United Kingdom consumption of low-density polythene in film and sheet

Calendar Year	1965	1966	1967	1968	1969	1970
Tons	64,800	76,700	87,500	106,700	131,000	144,000

The above table has been compiled from figures published by the magazine "British Plastics".

Low-density polythene is normally used as a loose wrapping, but increasing use is now being made of a type of low-density polythene film which is suitable for "shrink-wrapping"; by the application of heat this type of film can shrink tightly round the article, thus providing a clear wrapping which is now becoming popular, in particular, for packaging many types of food. Another aspect of the industry is the increasing interest in the use of packaging materials made from high-density polythene, which has qualities similar to tissue paper but is stronger.

HISTORY

Alida was incorporated on 8th April, 1968 under the name Alida Print & Packaging Co. Limited to acquire the business of wholesalers of polythene bags which had been founded approximately six months previously by three partners, two of whom were Mr. R. H. Morley and Mr. H. A. Coward. The name was changed to the present name on 17th November, 1969. Alida has two wholly owned subsidiaries, neither of which is now trading: Alida Extrusions Limited was incorporated on 19th July, 1968 to carry out the extrusion of polyethylene granules into polythene film, which it sold exclusively to Alida, and ceased to trade on 31st March, 1971; Alida Engineering Limited was incorporated on 10th January, 1969 to provide general engineering services for Alida and ceased to trade on 31st March, 1970. All the assets of the two subsidiaries were transferred to Alida, which now carries on the entire business.

The business of the partnership was conducted from premises on the outskirts of Nottingham but shortly after the incorporation of Alida larger premises were acquired at Ilkeston, Derbyshire, where in addition to the original wholesale business Alida began the conversion into bags of polythene film purchased from outside suppliers. The premises at Ilkeston proved too small for the expanding business and in September, 1967 it was moved again to a new freehold factory and office block at Heanor Gate Industrial Estate, Heanor, Derbyshire; during the following two months the plant and equipment was purchased which enabled Alida to commence manufacture from the basic raw material and in 1970 and early 1971 adjacent land and premises were acquired to allow for the further expansion of the business.

BUSINESS

The business of Alida now consists of producing polythene film and bags and printing them to customers' specifications. Alida has concentrated on the manufacture of film and bags from low-density polythene. The process of manufacture comprises three main operations, the extrusion of polythene film from the raw material, printing (if required) and bag-making. The new material is polyethylene in granular form which is melted and extruded under pressure, producing lengths of plain or coloured polythene film between 1 inch and 50 inches wide and of various thicknesses. The film can be overprinted to the customer's requirements in one of four colours; during the six months ended 30th September, 1971, Alida's average film and bags were produced in 25 per cent. of Alida's total film and bags which have been printed in this way. The bag-making machinery converts the raw film into bags in a wide variety of sizes and styles. With its existing machinery Alida is able to produce bags ranging in width from 1 inch to 80 inches and to any length which the customer might be expected to require.

A small proportion of Alida's production of low-density polythene is already used for shrink-wrapping, a market which the Directors consider will become more important. Alida has carried out production trials with high-density polythene but the Directors consider that production of the material from the machinery currently on the market would not be sufficiently reliable. Alida intends to purchase machines which are now being developed in the production of high-density polythene.

The main sources of supply of polythene are major petro-chemical companies. Although during the six months ended 30th September, 1971, Alida purchased approximately 80 per cent. of its requirements from two suppliers, Alida has no long term buying arrangements and is thus able to maintain an independent and highly flexible buying policy.

During the six months ended 30th September, 1971 approximately 22 per cent. of Alida's turnover represented film sold in sealed form to merchants, to other makers of polythene bags and to a variety of industrial customers who use the film as a protective covering for their own products. This remaining 78 per cent. of turnover represented film which had been converted by Alida into plain or printed bags and sold to merchants and industrial and retail outlets.

At 30th September, 1971 there were approximately 1,500 active customer accounts. In the six months to 30th September, 1971, sales to merchants accounted for about 54 per cent. of Alida's turnover, to merchants in many countries and in a series of smaller markets, and to a number of large and very stable end-users in both retail and bag form. By carrying these stocks the merchants are able to offer a specialised and immediate service to their customers. Alida's policy is to continue to encourage the growth of merchandising outlets.

In addition to the retail distribution industry, in which Alida's products are principally used for packaging foodstuffs, textiles, stationery and hardware, other important users are in the engineering, pharmaceutical and chemical, furniture and motor industries. Alida also supplies numerous regional hospital boards and local authorities. In the six months ended 30th September, 1971, no one merchant or other customer accounted for more than 4 per cent. of Alida's sales. Customers include:-

The Boots Company Limited
N. Corrit (St. Margaret) Limited
Littlewoods Mail Order Stores Limited
The Nestle Company Limited
Spicer-Cowan Limited
Prall Limited

John Player & Sons
Custon House (Silverline) Limited
Reigate Industries Limited
Key Terrain Limited (a subsidiary of Reed International Limited)

Alida places its emphasis on service to the customer. Sales are effected through eleven representatives and four agents. Alida's support of the merchants among its customers is another aspect of its policy of providing a fast and reliable source of supply or packaging materials to its special retail clients. Alida's machinery and factory premises are fully equipped, its stock holding is kept to a minimum and the working capital is maintained by the efficient use of its production facilities which are kept in constant operation day and night for seven days per week.

PLANT

Alida's plant consists mainly of extruding, printing and bag-making machines which are maintained by its own specialist employees. All major items of machinery have been installed since early 1967, and all twenty-two extruding machines, four of the five printing machines and seventeen of the nineteen bag-making machines are less than three years old. Of these machines, twenty-six are subject to hire-purchase or leasing agreements; the other twenty (including all those acquired since 1st April, 1971) have been purchased outright.

It is a condition of Alida's policy to take immediate advantage of significant technological improvements in machinery, bag-making and printing techniques, depreciation over fixed assets and the resulting machine cost savings. These rates of depreciation are intended to enable Alida to replace machines swiftly in accordance with this policy.

At 1st November, 1971, Alida had on order new plant costing in aggregate approximately £109,000 for phased delivery over the period to 31st July, 1972.

MANAGEMENT AND STAFF

Mr. R. H. Morley is 41 years of age and was a co-founder of the business. He is the Chairman and Managing Director and is responsible for long-range planning and overall policy.

Mr. H. A. Coward, also a co-founder, is 38 years of age. He is the Works Director and is responsible for production planning.

Mr. R. Stone, who is 33 years of age, joined Alida in July, 1969. He is the Financial Director and Company Secretary.

Mr. G. Humphreys, who is 33 years of age, joined Alida in July, 1969, and is the Sales Director. Mr. D. Smith, who is aged 40, is also a non-executive Director. Mr. Vinson was the founder and is Chairman and Managing Director of Plastic Coatings Limited, the issued share capital of which was acquired by Imperial Tobacco Group Limited in June of 1971, having been previously quoted on The Stock Exchange, London.

All the executive Directors have entered into Service Agreements with Alida for 3 years from 1st September, 1971 (Contracts (9) to (12) below).

Alida has approximately 260 employees. The Board is supported by a team of capable young executives, the senior of whom have, during the past two years, invested in Alida's share capital. Relations between management and staff are excellent. Alida is considering the introduction of a pension and life assurance schemes.

PROCEEDS OF ISSUE

The net proceeds of the subscription of 360,000 new Ordinary Shares of 10p each by Singer & Friedlander Limited (Contract (13) below) are estimated to amount £243,685. Of this sum £60,000 will be applied in discharging a secured loan from Alida's bank and the balance will be available to reduce Alida's bank overdraft and for the purchase of new plant. Taking into account the estimated net proceeds of this issue and the bank overdraft available to Alida, the Directors are of the opinion that Alida has sufficient working capital for its present requirements.

PROSPECTS, PROSPECTS AND DIVIDENDS

Historic and current trends in the packaging industry suggest that demand for Alida's products will continue to grow. Accordingly in November, 1969, the Directors decided to authorise an investment programme. This consisted of doubling the existing plant and available capacity by the acquisition of 27 new machines by 30th September, 1971; in addition to this, in March, 1971, the number of employees had been increased to the level required to handle turnover at the rate of £2,000,000 per annum. The short-term effect was to reduce profit margins while the expected

payment on receipt, to retain Letters of Acceptance and surplus application moneys pending the clearance of all cheques and to reject applications and, in particular, multiple and suspected multiple applications.

Prefessional consideration will be given in respect of a maximum of 50,000 Ordinary shares to applications made by employees (other than the Directors) on the special forms provided for the purpose. Such applications must be for a multiple of 100 shares with a minimum of 100 shares.

Acceptance of applications will be conditional upon the granting of permission to deal in and quotation for the whole of the share capital, issued and now being issued, of Alida by the Council of The Stock Exchange, London not later than 26th November, 1971. Moneys paid in respect of applications will be returned if such permission and quotation have not been granted by that date and, in the meantime, will be retained in a separate account.

If any application is not accepted the amount paid on application will be returned in full and, if any application is accepted for fewer shares than applied for, the balance of the amount paid on application will be returned by cheque through the post, in either case at the applicant's risk.

Letters of Acceptance will be renounceable up to and including 14th January, 1972. The shares now being offered for sale will be registered free of stamp duty and registration fees in the names of the purchasers or persons in whose favour Letters of Acceptance have been renounced, provided that, in the case of renunciation, Letters of Acceptance duly completed in accordance with the instructions contained therein are lodged for registration on or before 14th January, 1972. Share certificates will be ready for delivery on and after 11th February, 1972.

Directors
ROBERT HAYDN MORLEY, Highgate Lodge, 455 Burton Road, Derby (Chairman and Managing Director)
HAYDEN ALFRED COWARD, Haggbrook Wood, Ravenshead, Nottingham (Works Director)
REX STONE, A.C.A., Tamarind, Ashbourne Road, Cavers Lane, Derbyshire (Financial Director and Secretary)
IAN GEORGE HUMPHREYS, Brick Kiln Lane, Morley, Derbyshire (Sales Director)
DAVID LINDSAY SMITH, 23 St. Peter's Avenue, Anlaby, East Yorkshire (Non-Executive)
NIGEL VINSON, 34 Kynance Mews, London, S.W.7 (Non-Executive)

Bankers
NATIONAL WESTMINSTER BANK LIMITED
34 Bath Street, Ilkeston, Derbyshire DE7 8GW

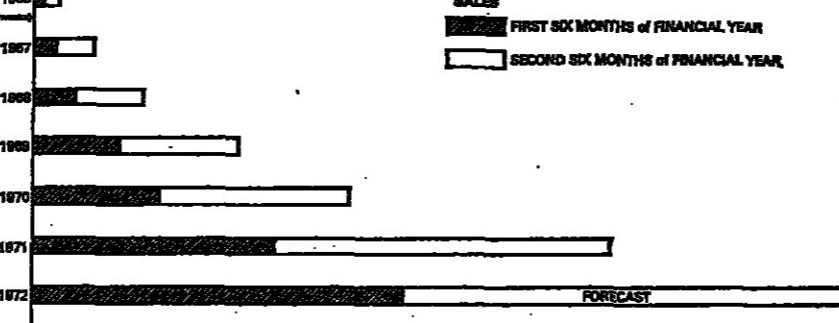
Brokers
L. MESSEL & CO.
Winchester House, 100 Old Broad Street, London EC2P 2HX
and The Stock Exchange, London

Solicitors
To the Company:
SHACKLOCKS & ASHTON HILL
Pear Assurance House, Friar Lane, Nottingham, NG1 6BX
JACKSON & MOSS:
Malin House, St. Mary Street, Ilkeston, Derbyshire DE7 8BH
To the Offer:
SLAUGHTER AND MAY
35 Basinghall Street, London, EC2V 5DB
Auditors and Reporting Accountants
PEAT, MARWICK, MITCHELL & CO. (Chartered Accountants)
11 Ironmonger Lane, London, EC2P 2AR
and Eldon Chambers, Wheeler Gate, Nottingham, NG1 2NS
Secretary and Registered Office
REX STONE, A.C.A.
Heanor Gate Industrial Estate, Heanor, Derbyshire, DE7 7RG
Registers and Transfer Office
SINGER & FRIEDLANDER LIMITED
Bourne House, 33 Beckenham Road, Beckenham, Kent, BR3 4TU

additional turnover was being obtained and this, together with the general deterioration in trading conditions, is reflected in the results of Alida for its financial year ended the 31st March, 1971 (which nevertheless showed an increase in profits before taxation of 44 per cent. over the previous year) and for the first six months of its current financial year. Over the last two months the order intake has increased substantially, as a result of which the additional productive capacity is being utilised more fully and increasing benefits are being obtained from the investment.

Present productive capacity is capable of handling turnover in the region of £2,500,000 per annum. Additional productive capacity is being utilised and existing facilities are being expanded to meet the forecast turnover for the year ending 31st March, 1972, which is estimated to be £3,000,000.

The following chart shows the growth in Alida's turnover from the date of its incorporation to 30th September, 1971, together with the forecast turnover for the six months to 31st March, 1972.



The above chart (other than the forecast for the six months to 31st March, 1972) is based on the figures contained in the Accountants' Report, from which it will also be seen that Alida's profits before taxation increased from £425 for the 51 weeks ended 31st March, 1966 to £200,789 for the year ended 31st March, 1971. Profits before taxation for the six months ended 30th September, 1971, based on interim audited accounts for that period, were £123,711. In light of Alida's expanded production capacity and the increased sales being achieved, the Directors are of the opinion that the profit for the year ending 31st March, 1972 will be not less than £280,000.

On the basis of the profits forecast above and of corporation tax at 40 per cent. it is the Directors' intention to recommend payment in or about July, 1972, of an ordinary dividend for the year ending 31st March, 1972 of 12 per cent. less tax. On the same levels of profit and corporation tax, the Directors would expect to recommend ordinary dividends in respect of a full year totalling no less than 34 per cent. less tax payable by way of an interim dividend in or about January and a final dividend in or about July.</

CANADIANS

F.T. SHARE INFORMATION SERVICE

BRITISH FUNDS

INTEREST

DUE

STOCK

CLOSING

PRICE

W.H.

INTER-

EST.

IN-

BIMP-

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INTER-



Pipe fittings in malleable iron and plastics. Pipe cutting and screwing machines. Malleable iron castings.

THE LEX COLUMN

Options in corporation tax reform

The Government's proposal week, at which the Financial Secretary to the Treasury was a speaker. Though the two-rate system was judged administratively simpler at home, some of the considerations which had led the West German Government actually to switch from a two-rate to an imputation system next year had caused the Government here to feel the latter might be "equally acceptable."

The international considerations are not in themselves overwhelming. The international tax expert J. van Hoorn, recalling the Van den Tempel report's recommendation of the classical double tax system (in 1970) and the rejection of proposed tax changes by both Dutch and Italian Parliaments, argued that total tax harmonisation was neither necessary nor likely within the EEC. Equally, the Financial Times tax correspondent John Chown, who has estimated the cost to the U.K. of a two rate system at £30-80m. a year in foreign exchange, defended the imputation system as being preferred to an "imputation system; the second was the absence of any special measures for the group with largely overseas income; and the third was the proposal that intergroup dividends would have to be treated on a net of tax basis.

Official thinking

There are now reasons for thinking not only that the Government's mind is more open on these three issues, but that it is if anything positively inclined to reverse its original stance, in particular on the third proposal. The reasons emerged as much as a bargaining posture to the

French way the French have generally extended their *avoir fiscal* to embrace foreigners.

Industrial plea

But an unequivocal case for the imputation system was pleaded, by the head of taxation at Shell, on two relatively intangible grounds. The first concerned the need for certainty over taxation in corporate planning; the problem with a two-rate tax system is that where taxation depends on distribution, the actual cash return of an investment project will depend on a future and unknown dividend policy. Shareholder and company tax can be lumped together in a macro-economic framework but not for corporate cash flow purposes. The second point was that a two-tier rate has the visible effect of increasing apparent earnings on a higher payout, and this could arguably encourage distribution rather than produce the neutral effect the Government apparently desired.

Now a moment's thought

shows that a spokesman for one domestic tax which has not since then must presumably been paid.

On balance therefore, it would be a reasonable bet at this stage that the system to be chosen will be imputation rather than a two rate tax on the one hand, and on the other that there will be some special relief for the predominantly overseas earners.

The bet is only attractive if performed the market over the odds are favourable, and past three months, but in no

from the stock market angle case can one say for certain,

that the threat of a correction is only a remote possibility.

The conclusion here could be, then, that the gamble has gone

the reflection of a rather special technical position to judge by

the choice of systems. Since BP and Shell totally lack any U.K. corporation tax charge, they can only hope for special dispensations under either of the proposed schemes. But the point is that it is very difficult to see how any special treatment could be accorded such companies under a two-rate tax system.

This is where the predominantly overseas earners can take heart from Mr. Patrick Jenkins' words, for in addition to dispelling any apprehensions about a change to net inter-group dividends, he made it clear that the Government is anxious to avoid any change which would produce a bias against the big invisible earners.

Since it had already been made apparent in the Green Paper that the full amount of any U.K. tax charge would be available for dividend relief, this new hint

on the Burnham 8 per cent. issue

find the prospective net dividend yield to U.K. investors a cent. per cent. as against 9.1 per cent. for that company's 8 per cent. loan stock 1991/96. The London this would logically be

fall in the price of the issue so.

Discounting at work

Now in the case of preference shares, the stock market in its wisdom has already been doing some work at discounting the probabilities, so perhaps the still buoyant over-investment recovery should give most of the groups an adequate U.K. tax liability. This leaves one speculating whether the insurance sector, meanwhile, seems unlikely to be much touched either way for the moment, since a U.K. underwriting recovery should give

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